



May 5, 2015 City Council Meeting

AFFORDABLE HOUSING LINKAGE FEE



Purpose

1. 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.
2. Input on scopes of work for new impact fee studies



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 : Council requested staff bring this item forward
- March 3: Approved first reading of the ordinance.
- March 17: Public hearing and continuance of second reading of the ordinance.

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.

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:

- Second reading ordinance has proposed effective date of July 6.
- This can be amended to reflect council's desired effective date. Option 1 in memo has alternate effective date of Sept. 7.

Phasing:

- Option 1: phase in starting with 25% upon effective date of ordinance, incrementally increasing to 50%, 75%, 100% every 3 months.

Implementation Options

Technical Documents:

- Option 2 would allow applicants in technical document review prior to the effective date of the ordinance to avoid paying the fee.

Housing Excise Tax:

- Council could allow the existing Housing Excise Tax of \$.51 per square foot on non-residential development to be credited toward the linkage fee payment.

Preparation of New Studies

Council input and direction on 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 transportation fee/ tax study - both capital and operating costs attributable to new development.
- Housing linkage fee study that addresses relationship to city housing goals, other funding sources, and considers middle income housing.
- Public art study that provides basis for a public art impact fee. Study would include options for development of new program.

Draft Schedule for New Studies

- Input on studies from Council tonight
- Issue RFP within 2 weeks
- Responses due early June
- Interviews/ consultant selection by end of June
- Consultant(s) under contract in July
- Complete studies (including stakeholder input and council direction) – likely early 2016



Council Actions

Motion on Ordinance no.8034:

- Effective Date
- Phasing
- Technical Documents
- HET



New studies:

- Council input
- Direction to move forward