

Recap: July 11, 2017 Santa Clara City Council Meeting

Item 21B. Ad Hoc Affordable Housing Working Group: Request for Council feedback on the proposed fee levels and direction to the City Manager to prepare an Ordinance for Council consideration.

[Staff Report](#)

Summary:

At the July 11th meeting of the Santa Clara City Council, the Mayor and Council moved one step closer to adopting new impact fees and increasing its inclusionary housing requirement. After hearing public testimony, Council directed staff to come back with a draft ordinance that largely reflects the recommendations developed by the [Ad Hoc Affordable Housing Working Group](#), which included SV@Home and several of our partners.

This action is a major step forward – and it wouldn't be possible without the leadership of many individuals who took part in the working group meetings leading up to the July 11th meeting -- over 15 hours of discussion and deliberation! Much gratitude to those who stepped up to the plate, including Vice Mayor Dominic Caserta, Councilmembers Patricia Mahan and Pat Kolstad, and the 15 other members of the Working Group who represented a range of sectors and stakeholders, including business, builders, labor, market rate housing, affordable housing, and realtors.

With leadership from Vice Mayor Dominic Caserta (who chaired the Ad Hoc Working Group) and Councilmember Teresa O'Neill, the Council passed the following Working Group recommendations with near unanimous approval:

Non-Residential Fees:

Retail	<5,000 square feet: No Fee >5,000 square feet: \$5 per square foot
Hotel	\$5 per square foot
Office	<20,000 square feet: \$10 per square foot >20,000 square feet: \$20 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

For-Sale Residential Fees and Inclusionary Housing:

- An inclusionary housing requirement of 12.5% (an increase from the City’s current 10% requirement)
- An in-lieu fee may be used rather than providing affordable units on site and for fractional units. The Affordable Housing Impact Fees for For-Sale Residential Development are as follows:

Single-Family Detached	\$30 per square foot
Townhome	\$25 per square foot
Condominium	\$20 per square foot

- Single-Family House: \$30 per square foot
- Townhome: \$25 per square foot
- Condominium: \$20 per square foot

Rental Residential:

For these provisions, the Council voted to recommend the higher end of the ranges proposed by the Working Group.

- A fee of \$20 per square foot, to be phased in over 12 months
(The Working Group recommended a range of \$15-\$20)
 - 0 - 6 months: Fee waived
 - 6 - 12 months: 1/3 of the fee
 - After 12 months: full fee
- An alternative for developers to provide 15% affordable housing units instead of paying the impact fee (the Working Group recommended a range of 10-15%).

Implementation

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

- On-going projects: any project with demonstrated site control at the time of the Fee Adoption will not be subject to the impact fee provided that Planning Approval has been granted for the construction of that project within three years after adoption.
- When a project has been deemed complete, it will be subject to the fee about within the effective dates:
 - 0-6 Months: No Fee
 - 6-11 Months: 1/3 of total fee applicable
 - 12 Months: full fee applicable

Additional Details

- Council referred the City Attorney to analyze a proposed concept of offering a 25% reduction of fees for development projects that voluntarily pay area standard wages.
- The following development types will be exempted from the ordinance:
 - 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
 - Other non-residential uses determined by the City Council to have a minimal impact upon the demand for affordable housing.
- Fees will be due prior to occupancy (temporary or final).
- Rates will be subject to an automatic Cost Escalator.
- Credit will be applied to projects with existing floor space or DU.
- Fees will be reviewed one year after effective date.

Next Steps

Staff will draft an ordinance for Council's consideration based on the above recommendations. SV@Home will post the schedule of public hearings on our [Events page](#) as soon as it is published