



HOUSING DEPARTMENT

PUBLIC HEARING FOR AMENDMENTS TO THE MULTIFAMILY HOUSING INCENTIVE PROGRAM

May 13, 2025
City Council

Item 8.3

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Multifamily Housing Incentive Program (MHIP)

- City Council approved MHIP on December 10, 2024.
- Reduction of the Inclusionary Housing Ordinance in lieu fee to \$0 for approved multifamily housing developments that include at least 5% of units on-site at up to 100% area median income, for developments listed in the MHIP memorandum, which was previously granted only for high-rises located in the downtown area.
 - Phase I expires December 31, 2025
 - 50% reduction in the Building and Structure Construction Tax (B&S) and the Commercial-Residential-Mobile Home-Park Building Tax (CRMP)
 - Phase II starts January 1, 2026
 - 25% reduction in the B&S Tax

MHIP Amendments

- 1) Include the Affordable Housing Impact Fund (AHIF) as an allowable program under MHIP, which was the precursor program to IHO; and,
- 2) Include Federal Realty's Santana Row Lot 12 development located at 358 Hatton Street in the attachment of the staff memorandum—updated list of eligible MHIP projects; and
- 3) Increase the number of units allowable for the 50% construction tax reduction from 1,500 to 1,800 units.

AHIF Program Overview

The AHIF program applied to rental developments under the following conditions:

- 1) Developments that obtained a building permit before June 30, 2018; or
- 2) Developments that:
 - a) Received entitlements and paid planning applications fees before June 30, 2018; and
 - b) Executed an Affordable Housing Compliance Plan with the Housing Department and paid administrative fees before June 30, 2018; and
 - c) Were issued a building permit before January 31, 2020

Santana Row Lot 12 Development (Federal Realty)



- **Originally permitted in August 2016 and subject to AHIF program regulations.**
- **Up to 258 market-rate rental units.**

Increase of Eligible Units

The MHIP Program is currently projected to be **oversubscribed** based on responses from the developer community.

Downtown High-Rise Incentive Program Progress Report

- **Previous Council Direction**

- If fewer than 1,000 high-rise residential units receive building permits by December 2025, return to Council with additional recommendations to incentivize the construction of downtown high-rise residential projects.

- **The Program will not issue building permits for more than 1,000 units**

- The only development moving forward prior to December 31, 2025, will be Gateway Towers, an affordable high-rise residential development providing 220 units.



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