



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: June 26, 2018

Approved

D. DSYL

Date

6/26/18

SUPPLEMENTAL

SUBJECT: REDUCTION OF INCLUSIONARY HOUSING RENTAL IN-LIEU FEE TO \$0 FOR DOWNTOWN HIGH-RISE RENTAL PROJECTS

The purpose of this memorandum is to provide an update to the list of current Downtown High-Rises projects that are eligible for the AHIF In-Lieu Fee waiver during the transition period and to provide additional clarification regarding the scope of rental developments covered by the proposed reduction of the Inclusionary Housing Rental In-Lieu Fee to \$0 for Downtown High-Rise Rental projects.

BACKGROUND

On December 19, 2017 and then again on May 8, 2018, City Council amended the Affordable Housing Impact Fee (AHIF) resolution to allow for a transition process between the Affordable Housing Impact Fee and Inclusionary Housing Ordinance (IHO) Programs.

Pursuant to those amendments, residential developments that have: (1) submitted to the Department of Planning, Building, and Code Enforcement (PBCE) a complete Planning Application and paid all planning fees, (2) an approved Affordable Housing Compliance Plan indicating that the residential development is rental, and (3) a signed IHO Transition Waiver acknowledging the terms and conditions of the transition process, may proceed as an AHIF transition project.

ANALYSIS

Staff is providing an updated Attachment B, which lists the current Downtown High-Rises that are eligible for the AHIF Downtown High-Rise Exemption or may be eligible for the potential IHO In-Lieu Fee of \$0, if approved.

The scope of projects eligible for the Transition Period ending June 30, 2018, includes projects with existing approved tentative map(s) or other map(s) or plan(s) allowing the creation of separately conveyable dwelling units or interests (such as condominiums, stock cooperatives, or community apartments). They are eligible for the AHIF transition process if these maps or plans were approved on or before June 30, 2018. These AHIF transition requirements encompass projects requesting to eligible for the Downtown High-Rise AHIF Exemption.

After the Transition Period, the IHO will apply to all projects with 20 or more units. The two resolutions before the City Council are intended to implement a potential reduction in the IHO Rental In-Lieu Fee to \$0 for qualifying Downtown High-Rise Rental projects. These IHO Downtown High-Rise projects must meet the IHO's definition of "rental" in order to qualify for the reduction. Under the IHO, projects with approved tentative maps that allow the creation of separately conveyable dwelling units or interests (such as condominiums, stock cooperatives, or community apartments) are considered For-Sale projects, not rental projects.

As a result, the Housing Department is clarifying that projects with approved tentative maps will not be eligible for the reduction of the Inclusionary Housing Rental In-Lieu Fee to \$0 for Downtown High-Rise Rental projects.

/s/
JACKY MORALES-FERRAND
Director, Housing Department

For questions, please contact Amy Chen, Senior Development Officer at (408) 975-4489.

Attachment B - Status of Downtown High-Rise Developments

**Attachment B:
Status of Downtown High-Rise Developments**

Projects Eligible for the AHIF Downtown High-Rise Exemption and have recorded Agreements in place.

	Project Name	Address	Permit #	Developer	Building Permits	# on Units	Gross Sq Ft	Tentative Map Approved*
1	The Graduate	80 E San Carlos St	H16-036	AMCAL Housing	12/19/17	260	261,436	N/A
2	Miro (SJSC Towers)	4th and Santa Clara	SP17-009	Bay View Development	12/22/17	630	587,728	3/15/17
TOTALS						890	849,164	

Projects Potentially Eligible for the AHIF Downtown High-Rise Exemption and submitted a Compliance Plan, but have NOT recorded an Agreement.

	Project Name	Address	Permit #	Developer	Building Permits	# on Units	Gross Sq Ft	Tentative Map Approved*
3	Gateway Tower	455 S. First	H15-047	The Core Companies	Estimated: 03/31/19	300	235,330	N/A
4	Aviato	199 Bassett Ave	SP17-023	KT Urban	Estimated: 12/01/18	302	285,612	11/17/17
5	Post & San Pedro	171 Post St	H14-023	Simeon Properties	N/A	228	179,062	10/14/15
6	Davidson Tower	255 W. Julian	SP18-009	DAL Properties	Estimated: 01/15/20	653	536,131	N/A
7	27 West	27 S. 1st Street	SP18-016	Schoennauer Co LLC	N/A	350	265,223	N/A
8	Carlisle	65 Notre Dame Ave	H18-025	Insight Realty	Estimated: 6/1/2019	220	191,915	N/A
TOTALS						2,053	1,693,273	

Projects Potentially Eligible for the Downtown High-Rise Exemption OR the Potential IHO Downtown High-Rise In-Lieu of \$0. Projects are NOT yet confirmed to be under AHIF or IHO and each still need to submit a Compliance Plan.

	Project Name	Address	Permit #	Developer	Building Permits	# on Units	Gross Sq Ft	Tentative Map Approved**
9	4th St Metro Station	439 S. 4th Street	H17-004	N/A	N/A	101	114,638	N/A
10	Park & Almaden	170 Park Center Plaza	H17-050	Steinberg Hart	N/A	260	TBD	N/A
11	Sobrato Block 3	150 S. 2nd Street	H16-033	Sobrato Organization	N/A	393	TBD	N/A
12	Greyhound	70 S. Almaden Ave	SP16-021	Z & L Properties	N/A	708	701,473	5/23/17
TOTALS						1,462	TBD	

* Tentative map(s) or other map(s) or plan(s) allowing the creation of separately conveyable dwelling units or interests (such as condominiums, stock cooperatives, or community apartments) must be approved by June 30, 2018 in order for a development to be considered a Rental project under the AHIF Program.

** If a project has an approved Tentative Map on file, then the project is ONLY eligible for the AHIF Downtown High-Rise Exemption and their Affordable Housing Compliance Plan MUST be submitted to Housing by June 30, 2018.