

EXEMPTED PROJECTS REPORT

Rachel VanderVeen, Housing Department
Amy Chen, Housing Department

Item 4.1
April 30, 2019



Report Purpose

- Comply with CA Govt Code 53083 and SJ Resolution 77135, which require public hearings for all public subsidies over \$1M
- Disclose previously approved economic development exemptions related to:
 - *Affordable Housing Impact Fees (AHIF)*
 - *Inclusionary Housing Ordinance (IHO)*
- Share key details from staff report that provides information and analysis for projects that qualified for exemptions as of December 31, 2018

Overview of AHIF and IHO

	For-Sale Housing Projects	Rental Housing Projects
20 units or more	Inclusionary Housing Ordinance Compliance options: • Build On-Site: 15% of units • Build Off-Site: 20% of units • Pay fee per unit of \$167,207	Inclusionary Housing Ordinance Compliance options: • Build On-Site: 15% of units • Build Off-Site: 20% of units • Pay fee per unit of \$125,000
3-19 units	Affordable Housing Impact Fee • NA	Affordable Housing Impact Fee • Fee payment is only option • Fee assessed per square footage

Three Exemption Programs

	AHIF Pipeline	AHIF Downtown High-Rises	IHO Grace Period
Applicability	Rentals	Rentals	For-Sale
Eligibility Requirements	Projects approved before 06/30/16	10 residential stories and >150 ft. tall	Issued all planning permits prior to 06/30/16
Performance Deadline	Certificate of Occupancy for 50% of units by 01/31/20	Certificate of Occupancy for 100% of units by 06/30/21	No deadline, but project permit cannot change
Number of Projects	16	9	4

Key Points

- **Finding a balance** between need to treat projects in the development pipeline fairly vs. the need to raise money for affordable housing
- **\$128.4 million in fee exemptions** were granted for projects already in the pipeline before the fees were established
- **Housing shortage persists** and we didn't want to jeopardize pipeline projects as we push to create 25,000 new residential units

SUMMARY OF EXEMPTIONS	TOTALS
Number of Projects	29
Number of Units	7,477
Estimated Exemptions	\$128.4 M

EXPECTED BENEFITS	TOTALS
Estimated One-Time Revenue	Over \$170 M
Estimated Recurring Annual Revenue	Over \$7.6 M
Estimated Job Creation (Construction and Retail)	Over 11,000

Questions?

Appendix

SUMMARY	AHIF Pipeline	AHIF Downtown High-Rises	IHO Grace Period	Totals
Number of Projects	16	9	4	29
Number of Units	3,852	3,240	385	7,477
Estimated Exemptions	\$61.2 M	\$54.5 M	\$12.7 M	Over \$128 M
Estimated One-Time Revenue	\$102.7 M	\$58.3 M	\$9.7 M	Over \$170 M
Revenue Less Exemptions	\$41.5 M	\$3.7 M	-\$2.9 M	Over \$42 M
Estimated Recurring Annual Revenue	\$3.7 M	\$3.4 M	\$474,279	Over \$7 M
Job Impact (Construction)	5,123	4,578	461	10,162
Job Impact (Retail)	533	503	16	1,052