



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik Soliván

**SUBJECT:** See Below

**DATE:** June 13, 2025

Approved

Date:

6/13/25

## SUPPLEMENTAL

**SUBJECT: Approval of a Multifamily Housing Incentive Program Residential Tax and Fee Waiver for the Santana Row Lot 12 Development at 358 Hatton Street**

## REASON FOR SUPPLEMENTAL

This supplemental memorandum provides clarity on the Affordable Housing Impact Fee Refund and the Inclusionary Housing Ordinance Fee waiver.

## ANALYSIS

Federal Realty, the developer of the Santana Row Lot 12 development (Development), paid \$3,435,672 in Affordable Housing Impact Fees to the Housing Department under the program requirements in place at the time of the original approval of the Development's planning permit. Subsequent to the approval, the Affordable Housing Impact Fee program sunsetted in 2018 with a transition period to the current Inclusionary Housing Ordinance Program through January 31, 2020.

If proposed as a new development today, the Development would be subject to the Inclusionary Housing Ordinance requirements, and the fee would be \$3,945,114 as shown in Table 2 of the original City Council memorandum dated May 15, 2025. By providing 13 restricted affordable units (5% of the total 258 units), the Development qualifies under the City's Multifamily Housing Incentive Program for a waiver of the Inclusionary Housing Ordinance fees. As a result of the waiver, Federal Realty is entitled to a refund of the \$3,435,672 in previously paid Affordable Housing Impact Fee, and the total proposed Multifamily Housing Incentive Program tax and fee waiver for the Development is \$4,477,896, as shown in the *Revised Table 3* provided below.

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***Revised Table 3 – Proposed Multifamily Housing Incentive Program Tax and Fee Waiver***

<b>IHO In-Lieu Fee Waiver</b>	<b>\$3,945,114</b>
<b>50% Reduction of B&amp;S and CRMP Construction Taxes on Developments' Residential Portion</b>	<b>\$532,782</b>
<b>Total Tax Reduction and Fee Waiver</b>	<b>\$4,477,896</b>

/s/

Erik L. Soliván  
Housing Director

For questions, please contact Banu San, Deputy Director, Housing Department, at [Banu.San@sanjoseca.gov](mailto:Banu.San@sanjoseca.gov).