

Clarifications to the Affordable Housing Impact Fee (AHIF) and Inclusionary Housing Ordinance (IHO) Transition

City of San José
May 8, 2018
Item 4.1

Agenda

1

Background

- Assembly Bill (AB) 1505
- Council Direction on December 19, 2017

2

Approved Transition from AHIF to IHO

3

Proposed Changes to the Transition Process

4

Clarifications to the IHO

5

Summary of City Council Considerations

Background

- AB1505 Signed into Law
- Council Adopted IHO
 - Applicable to Rental developments with 20+ units
 - Effective January 1, 2018
 - Adopted a transition process for eligible rental projects to remain under the AHIF
 - Transition process: January 1 to June 30, 2018

Transition from the AHIF to IHO

■ **By June 30, 2018 –**

- Submits eligible Planning Application
- Submits an Affordable Housing Compliance Plan Application
- Pays all fees
- Completes an IHO transition waiver

■ **By January 31, 2020 –**

- **Obtains all building permits for residential development**
- Pays the then current AHIF fee
- If eligible for exemption, record an agreement prior to pulling building permits

Proposed Changes

- Final approved building plans instead of all building permits
- Pay the then current AHIF
- AHIF must be paid by June 30, 2020



715 W Julian St

Other Changes and Clarifications

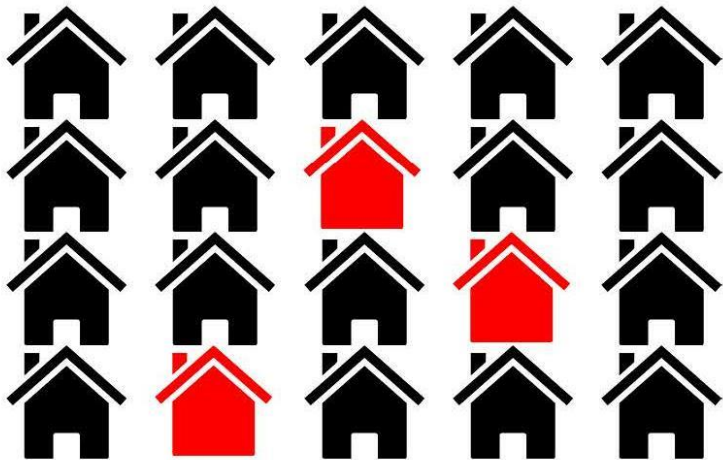
- b) Address remaining AHIF Pipeline Projects
- c) Allow Rental Projects with Tentative Maps to be eligible for AHIF
- d) Allow qualified Downtown High-Rises to default to paying AHIF if deadline is NOT met
- e) Clarify that AHIF continues to apply to projects with 3-19 rental units

Clarify Rental Inclusionary Options

ON-SITE 15%

9% at MOD (80% AMI)

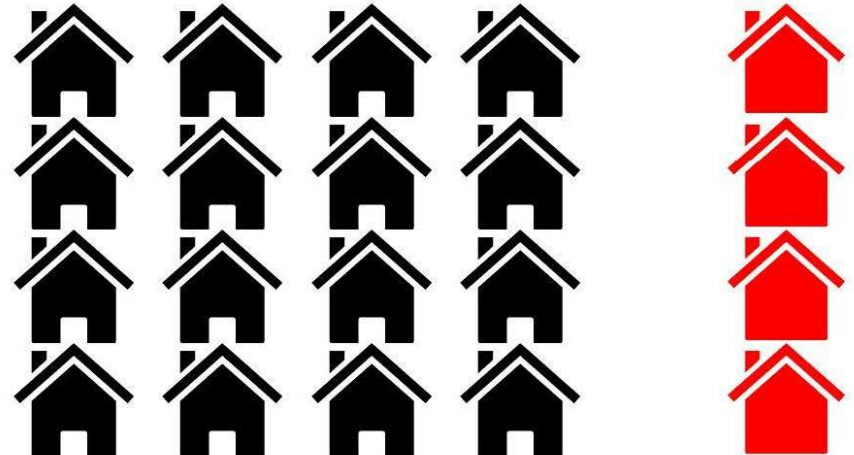
6% at VLI (50%)



OFF-SITE 20%

12% at Low (60% AMI)

8% at VLI (50% AMI)

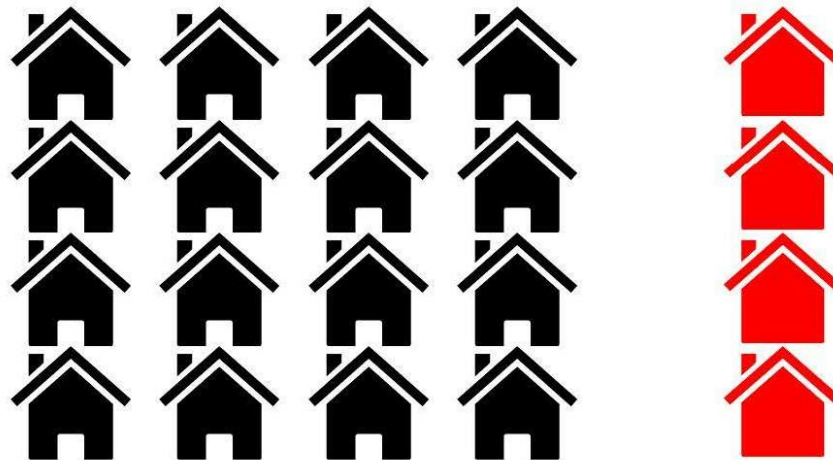


Clarify Rental Inclusionary Options

Combination (5.08.470)

12% at Low (60% AMI)

8% pays the In-Lieu Fee



Next Steps

- Return to City Council with a resolution that establishes a reduction in the Inclusionary In-Lieu Fee to \$0 (per in-lieu unit) for qualifying high rise rental developments
- Updates to the IHO Implementation Guidelines – City Manager
- Amend AHIF Regulations – Housing Director

City Council Consideration

Adopt a Resolution:

- Amending the Housing Impact Fee Resolution to address the transition between the AHIF and IHO programs