

## ATTACHMENT B

### Policy Considerations for Small Project Inclusionary Housing Ordinance

Issue	Options	Initial Feedback from Developers
<b>Applicability</b>	New or additional dwelling units	Do not subject: <ul style="list-style-type: none"> <li>• ADUs</li> <li>• Rehabilitated units</li> </ul>
<b>Tenure</b>	<ul style="list-style-type: none"> <li>• For-Sale</li> <li>• Rental</li> </ul>	It will be easier for larger, for-sale homes to comply with an inclusionary housing obligation
<b>Minimum/Maximum Threshold</b>	<ul style="list-style-type: none"> <li>• One (1) to Nineteen (19) Units</li> </ul>	No comments.
<b>Incentives</b>	<p>If a Developer opts to build the affordable units on-site, the development should have the same access to the incentives noted in the Inclusionary Ordinance (5.08.450):</p> <ul style="list-style-type: none"> <li>• Density Bonus</li> <li>• Flexible Parking Standards</li> <li>• Reduction in Minimum Setback Requirements</li> <li>• Alternative Unit Type</li> <li>• Alternative Interior Design Standards</li> <li>• City Process Assistance</li> <li>• Financial Subsidies</li> </ul>	Keep incentives.
<b>Base Requirement</b>	<p>15% on-site – Moderate Income</p> <ul style="list-style-type: none"> <li>• For-Sale priced at 100% AMI, sold at or below 120% AMI</li> <li>• Rented to households at or below 80% AMI</li> </ul>	No comments.
<b>Term of Affordability</b>	<ul style="list-style-type: none"> <li>• For-Sale: 45-years</li> <li>• Rental: 55-years</li> </ul>	No comments.

<b>Alternative Requirement</b>	<p>All alternative requirements are based upon 20% of the Market Rate units:</p> <ul style="list-style-type: none"> <li>• In Lieu Fee (Square Feet vs. Affordable Unit)</li> <li>• Combination of build on-site/pay In Lieu Fee*</li> <li>• Land dedication*</li> <li>• Credits/Off-site*</li> </ul> <p>(*For all of the above alternatives, the City of San Jose has the right to approve the option chosen by the developer)</p>	<p>Keep alternatives.</p>
<b>Calculation of Fee Collected</b>	<ul style="list-style-type: none"> <li>• Consistent with the Inclusionary Ordinance (5.08.410) where traditional rounding applies for 5 plus units.</li> <li>• Unrounded fee applies to developments of 4 units and under.</li> </ul>	<p>Per square foot fee is easier to manage rather than a per inclusionary unit fee.</p>
<b>Timing of Payment</b>	<ul style="list-style-type: none"> <li>• Prior to the project's building permits being pulled</li> </ul>	<p>No comments.</p>
<b>Operative Date of the Ordinance</b>	<p>January 1, 2019, any project that can pull its building permits prior to this date will not be subject to the Small Project IHO</p>	<p>No comments.</p>