



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: May 8, 2018

Approved

D. DSYL

Date

5/8/18

SUPPLEMENTAL

SUBJECT: CLARIFICATIONS REGARDING THE TRANSITION FROM THE AFFORDABLE HOUSING IMPACT FEE TO THE INCLUSIONARY HOUSING ORDINANCE

The purpose of this memorandum is to provide clarification on the proposed changes to the Affordable Housing Impact Fee and related transition process.

RECOMMENDATION

In addition to the proposed recommendations, staff would like to add the following deadline (see underlined text):

- (a) Adopt a resolution that amends Resolution No. 77218 as previously amended by Resolutions No. 78010, 78392 and 78473 (collectively the "Housing Impact Fee Resolution") by updating Section 13 regarding the transition between the Affordable Housing Impact Fee and Inclusionary Housing Ordinance Programs to (1) replace the requirement for issuance of Building Permits with a requirement for submittal of final approved building plans and to extend from January 31, 2020 to June 30, 2020 the date on which the transition developments must pay their AHIF; (2) to add a transition process for rental projects that have not recorded an affordable housing agreement but were eligible for the AHIF Pipeline Exemption; (3) to add a transition process for rental projects with tentative maps approved prior to June 30, 2018; (4) to allow Downtown High-Rise projects that fail to obtain Certificates of Occupancy by the applicable due date to pay the housing impact fee rather than meet the inclusionary housing ordinance requirements if they have obtained Building Permits; and (5) clarify that the AHIF continues to apply to projects with less than 20 units; and
- (b) Accept the Housing Department's staff report regarding the transition from the Affordable Housing Impact Fee (AHIF) to the Inclusionary Housing Ordinance (IHO) program for new rental developments in San José.

ANALYSIS

Currently, all of the Building Permits for a rental development (non-Downtown High-Rises) must be issued by January 31, 2020 to meet the AHIF transition program requirements. In the process of reaching out to developers, staff realized that in order to calculate the correct AHIF, the project must have final approved building plans that match its entitlement conditions. Once the AHIF is paid, the project's affordable housing obligation is fulfilled.

Staff has continued to receive feedback from developers of multi-phased projects regarding this requirement. As a result, the Housing Department is recommending that developers who elect to pay the AHIF are not required to have obtained all of their residential building permits, but instead must have final approved building plans from the Building Division and are ready to pay for their residential Building Permits.

Additionally, the Housing Department is recommending through this supplemental memo to change the due date of submitting final approved building plans and paying their AHIF from January 31, 2020 to June 30, 2020. This change would not apply to the projects that are in programs to obtain full exemption from the AHIF (i.e. Downtown High Rise, Pipeline). All other requirements of the transition process will still apply. This additional amendment will provide clarity to the AHIF Transition process.

Staff has also provided attachments listing all residential development projects that have submitted their Affordable Housing Compliance Plans, categorized by the program areas under the AHIF.

/s/
JACKY MORALES-FERRAND
Director, Housing Department

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

- Attachment A – AHIF Transition Projects
- Attachment B – AHIF Pipeline Exempted Projects
- Attachment C – Downtown High-Rises
- Attachment D – 100% Affordable Projects and Small AHIF Projects

Attachment A

AHIF Transition Projects								
	Project Name	Council District	Address	Developer	Building Permits Issuance Date	Number of Units	Square Footage	Estimated AHIF FY 19-20 (\$18.26)
1	4094 Hamilton Ave	1	4094 Hamilton Ave	Student Transit Assist, Inc.	Estimated: 12/1/2018	23	3,200	\$ 58,432
2	1495 Winchester	1	1495 S Winchester	Aron Developers	Estimated: 1/1/2019	46	31,948	\$ 583,370
3	Sparta Student Housing	3	525 E Santa Clara St	Horizon Real Property	N/A	86	918,646	\$ 16,774,476
4	Museum Place	3	180 Park Ave	Insight Realty	N/A	334	298,069	\$ 5,442,740
5	Auzerais	3	Auzerais Ave & Delmas	Caruso Designs	N/A	130	83,221	\$ 1,519,615
6	Volar	6	350 S Winchester	Caruso Designs	Estimated: 12/31/2018	307	287,172	\$ 5,243,761
7	750 W San Carlos	6	750 W San Carlos St	Bay Area Property Developers	Estimated: 6/30/2018	56	52,780	\$ 963,763
8	Julian & Stockton	6	715 W Julian St	Schoennauer Co LLC	Estimated: 8/8/2018	249	199,485	\$ 3,642,596
9	Holden of San Jose II	6	1015 S Bascom Ave	Alliance Residential Company	Estimated: 2/1/2019	56	44,604	\$ 814,469
10	Gateway Station	6	1410 S Bascom Ave	Bay West Development	Estimated: 9/1/2019	447	369,050	\$ 6,738,853
11	Holden of San Jose	9	4606 Almaden Expressway	Alliance Residential Company	N/A	103	79,103	\$ 1,444,421
TOTAL						1,837	2,367,278	\$ 43,226,496

Attachment B

AHIF Pipeline Exempted Projects								
	Project Name	Council District	Address	Developer	Building Permits Issuance Date	Number of Units	Square Footage	Estimated AHIF FY 19-20 (\$18.26)
1	The Reserve	1	881 S Winchester Blvd	Greystar	07/17/17	640	546,088	\$ 9,971,567
2	Marshall Square	3	98 N 1st St	Fairfield Residential	10/01/16	190	159,327	\$ 2,909,311
3	Modera San Pedro	3	45 N San Pedro St	Mill Creek Residential	03/01/17	201	149,405	\$ 2,728,135
4	Park Delmas	3	201 Delmas Ave	Robson Homes	10/15/17	123	114,319	\$ 2,087,465
5	Filice	3	405 W San Carlos	Robson Homes	10/15/17	36	33,290	\$ 607,875
6	Hanover Cannery Park	3	725 N 10th St	Hanover Company	09/28/16	403	342,609	\$ 6,256,040
7	Flats at Balbach	3	180 Balbach St	Silicon Sage Builders	08/15/16	101	87,152	\$ 1,591,396
8	4th & Julian	3	298 N 4th St	Barry Swenson Builders	Estimated: Early 2018	12	17,173	\$ 313,579
9	Vespaio at Diridon	3	138 Stockton	Hudson Companies	11/01/17	163	156,487	\$ 2,857,453
10	Delmas Ave	3	341 Delmas Ave	Miltechs Inc.	Estimated: 6/15/2018	120	76,106	\$ 1,389,696
11	Diridon Delmas Park	3	402 W Santa Clara	Trammell Crow	N/A	325	263,349	\$ 4,808,753
12	Berryessa Crossing	4	1590 Berryessa Rd	Western National Properties	10/05/17	551	513,980	\$ 9,385,275
13	Scotia Apartments	6	1777-1797 Almaden Rd	Cypress Group	N/A	55	61,020	\$ 1,114,225
14	Ohlone Block C	6	Auzerais & Sunol	Republic Urban Properties	03/08/17	268	215,090	\$ 3,927,543
15	Ohlone Block A	6	Auzerais & Sunol	Republic Urban Properties	N/A	263	243,207	\$ 4,440,960
16	Modera The Alameda	6	787 The Alameda	Mill Creek Residential	03/15/16	168	146,394	\$ 2,673,154
17	Santana Row Lot 12	6	358 Hatton St	Federal Realty	N/A	349	226,082	\$ 4,128,257

Attachment B (Continued)

AHIF Pipeline Exempted Projects								
	Project Name	Council District	Address	Developer	Building Permits Issuance Date	Number of Units	Square Footage	Estimated AHIF FY 19-20 (\$18.26)
18	iStar - Rental	2	Raleigh & Via Del Oro	Fairfield Residential	03/29/18	301	282,707	\$ 5,162,230
19	Montgomery 7	3	565 Lorraine Ave	Montgomery &, LLC	Estimated: Early 2018	54	26,388	\$ 481,845
20	6th Street Flats	3	61-99 N 6th St	The Pacific Companies	N/A	197	148,080	\$ 2,703,941
21	Sparq	3	598 S First St	The Core Companies	08/04/17	105	124,216	\$ 2,268,184
22	Ohlone Block B	6	Auzerais & Sunol	Republic Urban Properties	02/01/18	269	223,132	\$ 4,074,390
23	777 W. San Carlos	6	270 Sunol St	San Jose Midtown Developer	Estimated: Early 2018	104	141,395	\$ 2,581,873
24	777 W. San Carlos	6	270 Sunol St	Bay Area Property Developers	Estimated: Early 2018	149	143,468	\$ 2,619,726
TOTAL						5,147	4,440,464	\$ 81,082,873

Attachment C

Eligible AHIF Downtown High-Rises								
	Project Name	Council District	Address	Developer	Building Permits Issuance Date	Number of Units	Square Footage	Estimated AHIF FY 20-21 (\$18.70)
1	The Graduate (Amcal Housing)	3	80 E San Carlos	AMCAL Housing	12/19/17	260	261,436	\$ 4,888,853
2	Miro (SJSC Towers)	3	193 E Santa Clara St	Bay View Development	12/22/17	307	587,728	\$ 10,990,514
3	Gateway Towers	3	455 S First St	The Core Companies	Estimated: 06/30/18	308	235,305	\$ 4,400,204
4	Aviato	3	199 Bassett Ave	KT Urban	Estimated: Summer 2018	304	285,612	\$ 5,340,944
5	4th Street Metro Station	3	439 S 4th St	Weston Miles Architect	N/A	100	114,638	\$ 2,143,731
6	Post & San Pedro	3	171 Post St	Simeon Properties	N/A	230	175,262	\$ 3,277,399
SUBTOTAL						1,509	1,659,981	\$ 31,041,645

Upcoming Downtown High-Rises								
7	Carlisle (Andy's Pet Shop)	3	65 Note Dame Ave	Insight Realty	N/A	220	TBD	TBD
8	27 West	3	27 S 1st St	Schoennauer Co LLC	N/A	350	TBD	TBD
9	Davidson Tower	3	255 W Julian St	DAL Properties	N/A	653	TBD	TBD
10	Garden Gate Tower	3	600 S 1st St	KT Urban	N/A	285	TBD	TBD
11	Park & Almaden	3	170 Park Center Plaza	Steinberg Hart	N/A	260	TBD	TBD
12	Sobrato Block 3	3	150 S 2nd St	Sobrato Organization	N/A	393	TBD	TBD
SUBTOTAL						2,161	TBD	TBD
TOTAL						3,670	TBD	TBD

Attachment D

100% Affordable Projects								
	Project Name	Council District	Address	Developer	Building Permits Issuance Date	Number of Units	Square Footage	Estimated AHIF FY 19-20 (\$18.26)
1	Blossom Hill	2	397 Blossom Hill Rd	Charities Housing	Estimated: 2/1/2019	135	51,475	\$ 939,934
2	Villas on the Park	3	278 N 2nd	Affirmed Housing Group	03/29/18	84	29,071	\$ 530,836
3	Virginia Studio	3	295 E Virginia St	AMG & Associates	Estimated: 10/1/2019	301	143,388	\$ 2,618,265
4	Quetzal Gardens	5	1695 Alum Rock Ave	Resources for Community	Estimated: 9/1/2018	71	58,698	\$ 1,071,825
5	Silver Creek Mixed Use	5	1936 Alum Rock Ave	Golden West Communities	Estimated: 10/1/2018	94	67,310	\$ 1,229,081
6	Page Street	6	329 Page St	Charities Housing	Estimated: 10/1/2019	82	27,780	\$ 507,263
TOTAL						767	377,722	\$ 6,897,204

Small AHIF Projects (3-19 units)								
	Project Name	Council District	Address	Developer	Building Permits Issuance Date	Number of Units	Square Footage	Estimated AHIF FY 19-20 (\$18.26)
1	863 S Almaden Ave	3	863 S Almaden Ave	Robert Henely	N/A	4	2,640	\$ 48,206
TOTAL						4	2,640	\$ 48,206