



*Housing*

# Inclusionary Housing Ordinance Update

November 5, 2019

Item 4.4

**Jacky Morales-Ferrand**  
Director

**Rachel VanderVeen**  
Deputy Director

**Amy Chen**  
Senior Development Officer

**Shasta Greene**  
City Attorney

# Overview

1. Increase housing supply to achieve 25,000 unit goal
2. Achieve more mixed-income developments
3. Generate resources for affordable housing



# Outreach



**7** Developer Meetings



**25** Private Meetings



**186** Participants



# Inclusionary Housing

Ordinance adopted  
2010



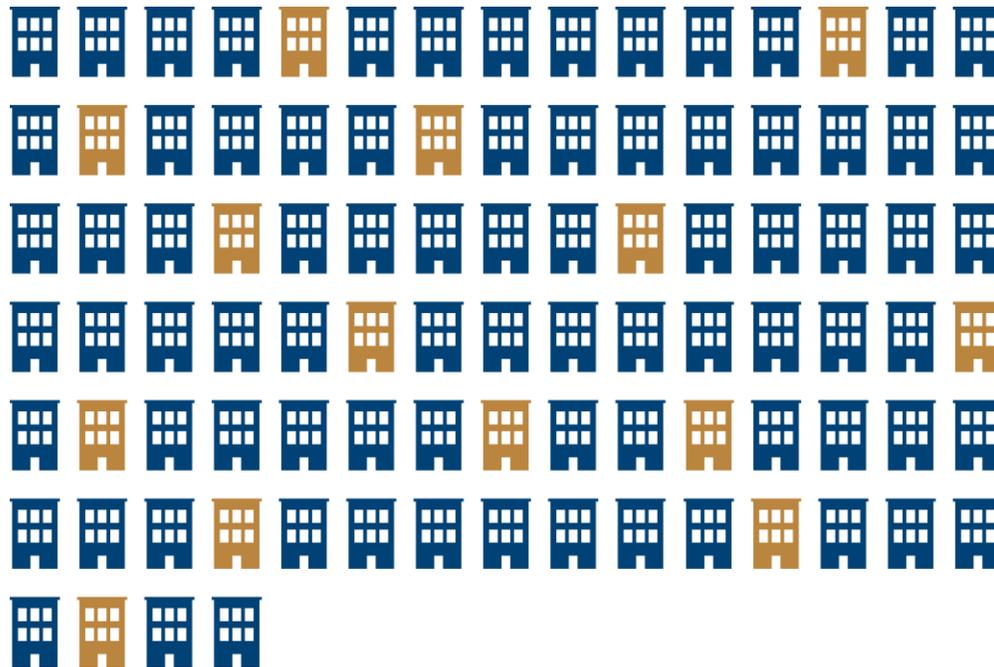
For-Sale effective  
2016



Rental effective  
2018



# Inclusionary Housing Overview (1998–2019)

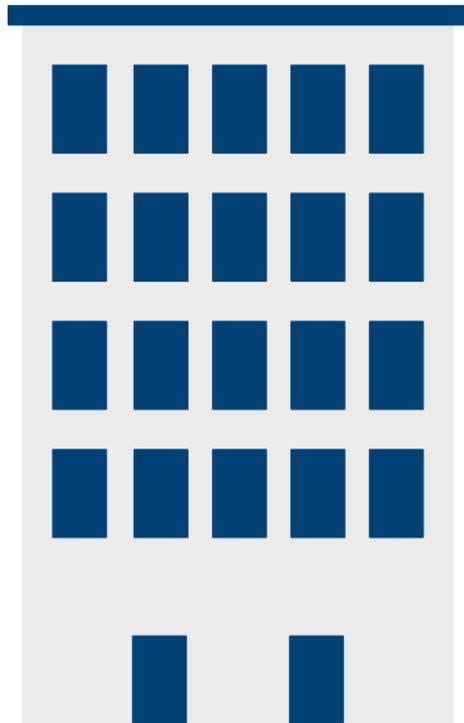


 = 100 apartments

- **9,398** total apartments built, including **1,780** affordable apartments
- **\$21 million** total funding received



# Apply to Small Projects



Current

**20+**

Units



Proposed

**5+**

Units



# Maintain 15% but Broaden Income Targets

## Current

- 🏠 9% of units at 80% of AMI
- 🏠 6% of units at 50% of AMI

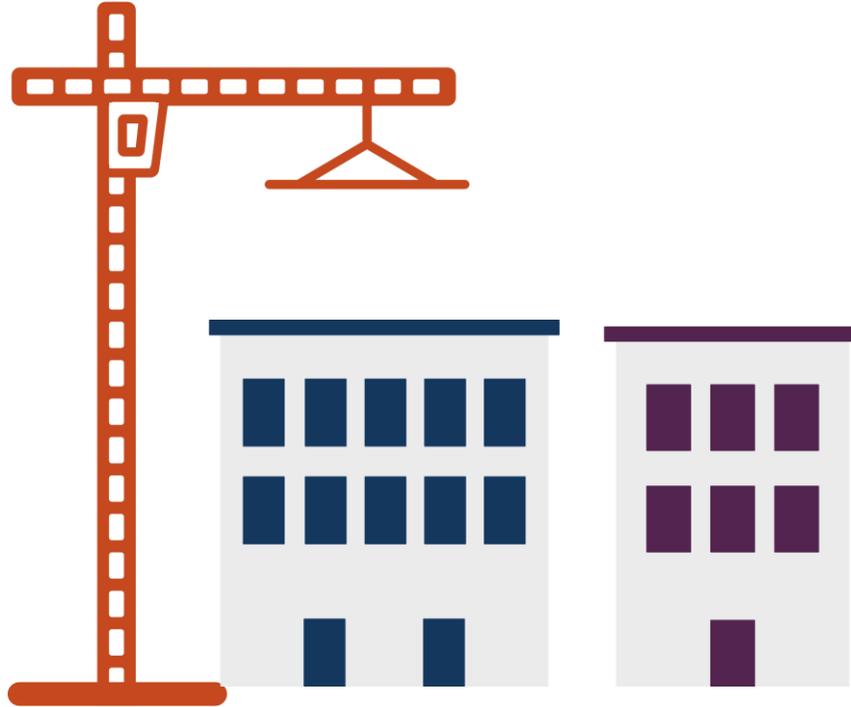
## Proposed

- 🏠 5% of units at 100% of AMI
- 🏠 5% of units at 60% of AMI
- 🏠 5% of units at 50% of AMI



For Sale Properties — No Change

# Goals of Proposed Changes



**Encourage market-rate  
development**



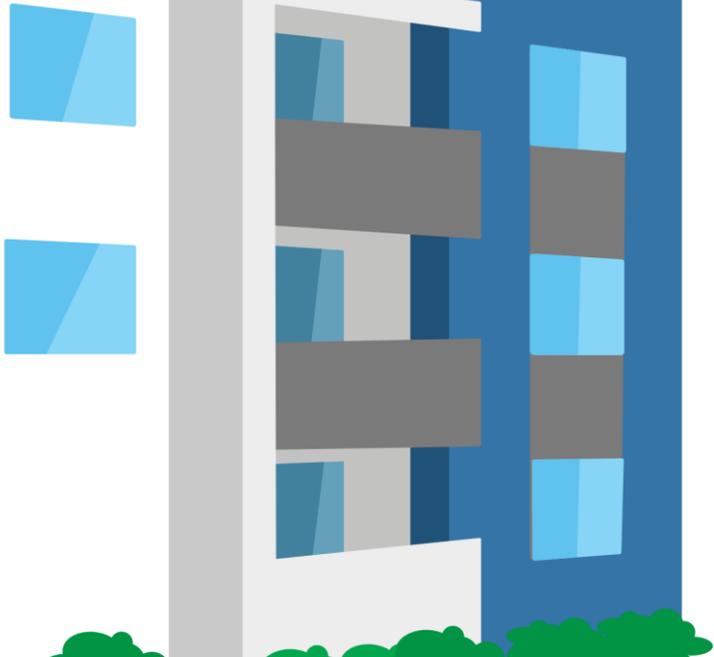
**Generate resources for  
affordable housing**





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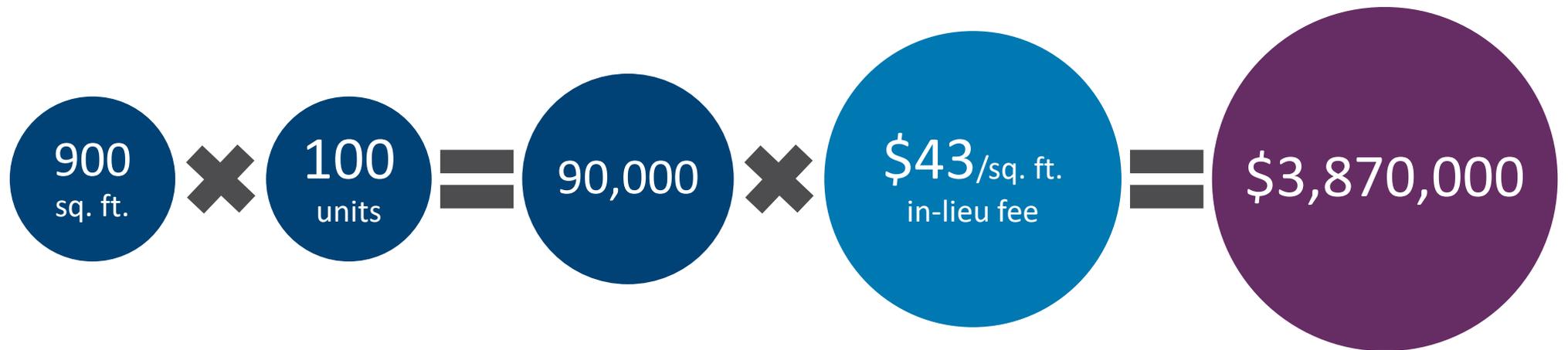
# Restructure the In-Lieu Fee Option



# Current In-lieu Fee Option – Per Unit



# Proposed In-Lieu Fee Structure (SQ. FT.)

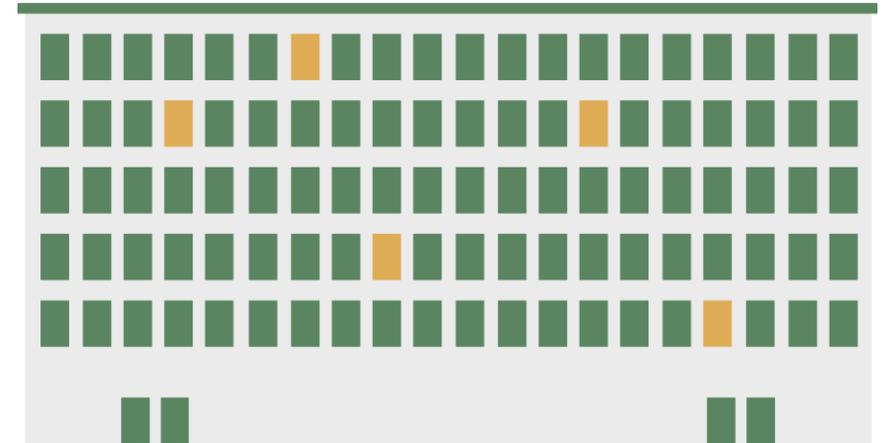


# Mixed-Compliance Option

5% at 100% AMI = 5 apartments



In-lieu fee = \$17.60/sq. ft.



Total = \$1,584,000





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# Geographically Targeted Areas



# Geographic Areas

**West  
San José**

**\$43**  
per sq. ft.

**Citywide**

**\$18.26**  
per sq. ft.

**Downtown  
High-Rise**

**\$0**  
per sq. ft.



# Allow Affordable to be Clustered On-Site



# Ensure that Units Remain Affordable

**55 years**  
or  
**45 years**

**Current**

**99 years**

**Proposed**



# Other Changes

- New methodology to calculate fees
- Clarify rules for off-site projects
- Facilitate Co-living
- Allow projects to change tenure
- Evaluate Parkland Dedication Ordinance and Parkland Impact Ordinance credits for Moderate Income units



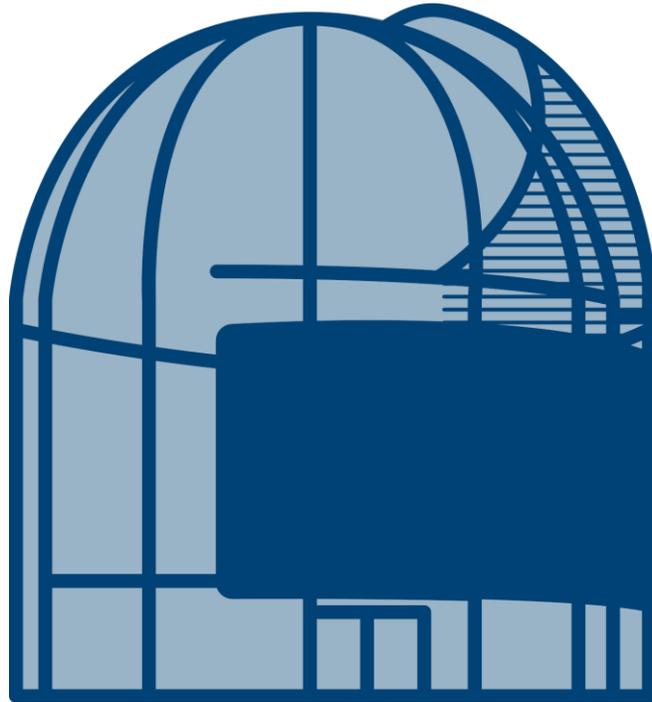
# Additional Work to Be Completed

Partner with City Departments to:

- 🏠 Define Geographic Areas
- 🏠 Establish How to Apply sq. ft. Fee
- 🏠 Identify Index for Annual Fee Adjustment



# Next Steps



- Draft ordinance
- Complete more outreach
- Start to draft implementation guidelines
- Return to City Council by the end of the fiscal year



# Thank You

## Rachel VanderVeen

*Deputy Director*

## Amy Chen

*Senior Development Officer*

## Tina Vo

*Development Officer*

## Jeff Scott

*Public Information Manager*

## Chelsea Palacio

*Public Information Representative*

## Shasta Greene

*City Attorney*

## Rick Jacobus

*Street Level Advisors*

## David Doezema

*Keyser Marston Associates*

## Housing Catalyst Team

### OED Team

*Kim Welsh*

*Chris Burton*

*Emily Lipoma*

*Jerad Ferguson*

### PRNS Team

*Nicolle Burnham*

*Rebekah Ross*





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