

Council Priority #7

Development Fee

Framework

February 22, 2021 – Community and Economic Development Committee
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Background

- **March 5, 2019 - Council Priority Added -** Explore creating a “universal development fee” and structure for residential development that contains all current development tax and impacts fees. The goal is to provide developers and the public with a transparent view as to how fees are calculated so it is easier to estimate and understand fees.
- **November 5, 2019 – Report to Council –** Staff recommended pursuing a “Development Fee Framework” rather than “Universal Development Fee”
 - While possible, a universal development fee would be both time and resources intensive and present potential legal challenges.
 - Further direction that Framework would not result in increase or decrease to existing fees.
- **March 2020 – Report to Community and Economic Development Committee → Information Memo**

Development Fee Framework

- ❑ The Development Fee Framework (“Framework”) is intended to provide a structure to guide for implementing planned changes to existing fees and taxes for multi-family residential
- ❑ Framework does not propose any increase or decrease to fees

Major Development Fees

Inclusionary Housing Ordinance (IHO)

- Requires new housing development to provide 15% of new units on site as affordable.
- OR pay in-lieu fee

Parkland Dedication / Park Impact Ordinance (PIO/PDO)

- Requires new housing to dedicate land for recreation purposes and/or pay in-lieu fees and/or improve existing facilities.
- PRNS at the beginning stages of reviewing and recommending updated

Construction Taxes

- Building & Structures Tax
- Commercial-Residential-Mobilehome Park Building (CRMP)
- % of building valuation

Elements of Development Fee Framework

Metric of Calculation

Development Typology

Development Geography

Metric of Calculation – Square Feet

- **Inclusionary Housing Ordinance** – Proposed IHO changes shift its assessment from per-unit to per sq. ft.
- **Parks** – Currently per unit dependent upon typology, i.e., 2-4 units and 5+ units.
- **Taxes** – Based on building valuation.

Development Typology

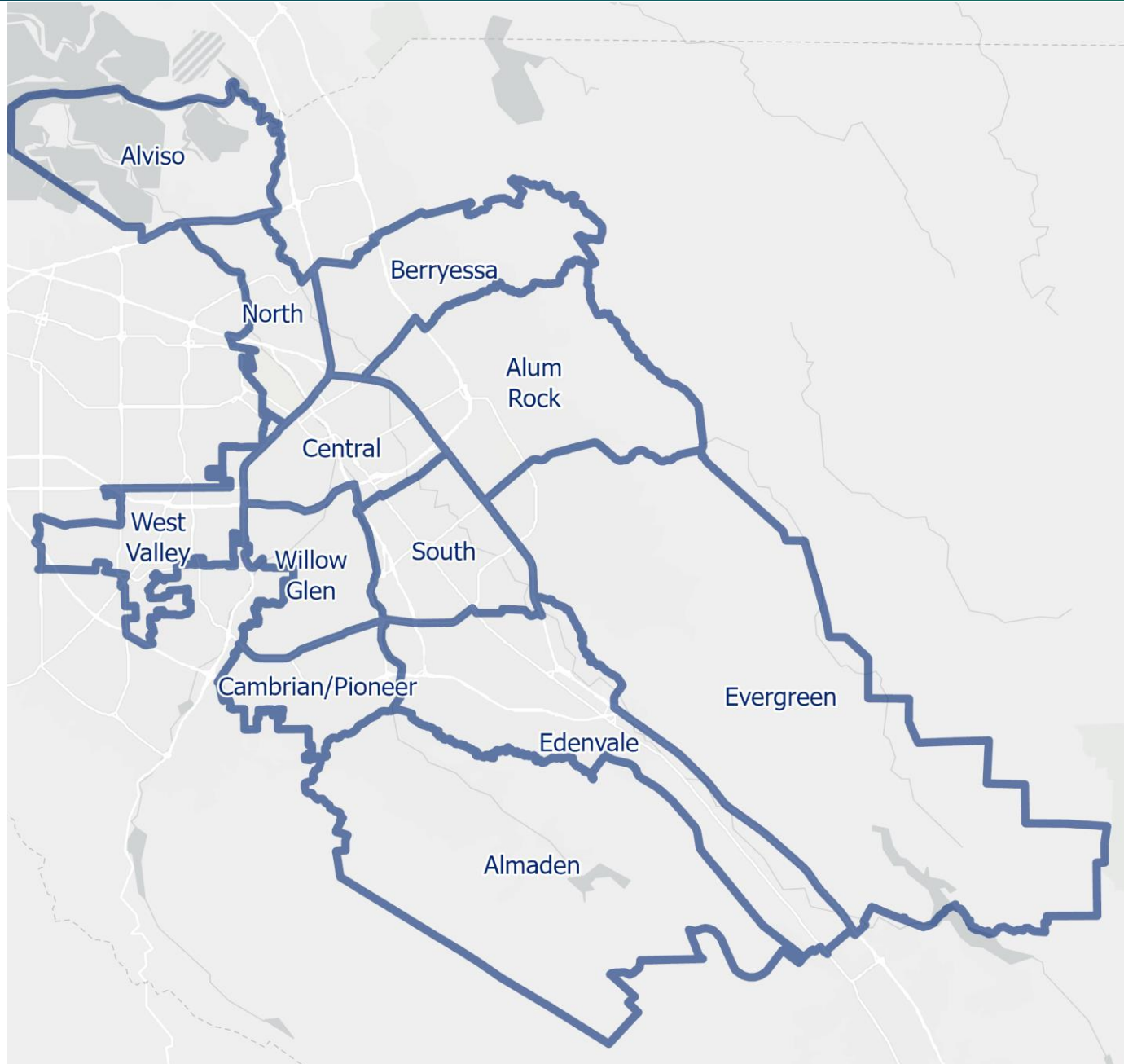
- **Inclusionary Housing Ordinance** – No current delineation except for high-rise in Downtown Core.
- **Parks** – Already has a basis in typology, based on units and type.
- **Taxes** – Currently assessed by building type.

Development Geography

- **Inclusionary Housing Ordinance** – Proposed changes would adopt a new geography based on Planning Areas.
- **Parks** – Currently based on MLS District.
- **Taxes** – Currently assessed citywide.

IHO Areas – Attachment A

- IHO Areas based on Planning Areas –
 - Modifications for clarity and to follow natural and/or man-made boundaries.
 - Combining southern most areas with little or no activity.
- Staff is proposing that these IHO areas can be a starting point for the Framework and can be used in the future as other major fees are being assessed and updated.



Timing of Payment

- Previously separate City Council Priority from Housing Crisis Workplan
- Align when fees need to be paid – closer to Certificate of Occupancy versus at time of permit issuance
 - No change to amount collected
- IHO already aligns with this goal

- Questions about IHO map and census tracts
- Questions about timing and updates to nexus
- Questions about how this relates to PIO/PDO
- Overall approach is positive
- Deferral to occupancy is good
- Clarity and certainty are important/helpful
- Suggestion to look also at offsite improvements

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