

Financing Affordable Housing Through Impact Fees

Cities Association of Santa Clara County Board of Directors Meeting
March 14, 2013

Leslye Corsiglia, City of San Jose Department of Housing
Patrick Heisinger, City of San Jose Department of Housing

Why Are Jurisdictions Looking at Housing Impact Fees?

- Elimination of redevelopment agencies, 20% funds
- Reductions in federal programs, sequestration
- Depletion of State funding sources
- Legal challenges to inclusionary housing

What are Impact Fees?

- A fee to mitigate the impacts of new development
- More widely used after the passing of Proposition 13
- Some eligible uses are: streets, bridges, storm drainage facilities, utility undergrounding street light, and affordable housing

What are Housing Impact Fees?

- Fees to mitigate the impact new development has on affordable housing
- 2-main types:
 - o Non-residential (commonly referred to as a commercial linkage fee) development
 - o Residential development (rental or for-sale)
- Fee can be calculated per unit or per square foot
- Fees can pay for: land acquisition, gap financing, new construction, and supportive housing (etc)

Legal Considerations

- The California State Mitigation Fee Act (AB 1600)
 - AB 1600 requires local agencies to: 1) identify the purpose and use of the proposed impact fee; and 2) conduct what is typically referred to as a nexus study to show there is a reasonable relationship between the fee's use and the impact of the development.
- The Patterson case
 - Methods used to calculate fees must be reasonable/supported by relevant data

What is the Process?

- Direction from council or board
- Identify a qualified consultant to complete the nexus study
- Community and stakeholder outreach
- Draft the proposed ordinance
- Approval by council or board
- Implement the ordinance

What Are Some Examples?

- Cities

- o Berkeley (\$20,000/unit)
- o Fremont (\$17.55-\$20.25/sq ft)
- o San Carlos (\$18,554/unit)
- o Santa Rosa (\$1,008 - \$44,914/sq ft based on unit size)
- o Walnut Creek (\$1.60-\$15/sq ft depending on tenure and project size)
- o Mountain View (\$10/sq ft)
- o Sunnyvale currently in the process of studying an impact fee

- Counties

- o Marin County (tiered fee structure from \$0-\$10/sq ft)
- o Napa County (\$1,738/unit)

Questions?