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Santa Clara County Grand Nexus and Feasibility Study

Affordable Housing Developers and Advocates
Stakeholder Meeting

February 25, 2025

1:00 p.m. – 2:00 p.m.

Today's Agenda

- Introduction to the study:
 - Study Purpose, Background and Objectives
 - Project Schedule
- Answers to your questions  Submit questions via the chat
- Feedback on important considerations  Also via follow-up email

Consultant Team and Participating Jurisdictions

Consultant Team



Kristy Wang
Principal

Josh Ellsworth
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Derek Braun
Principal

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Participating Jurisdictions



Study Purpose



Update local requirements on private development to provide funding for affordable housing and/or onsite affordable units



These policy tools should be designed to make an effective contribution to affordable housing in Santa Clara County



Ira D. Hall Square, MidPen Housing, Sunnyvale

Study Scope

The study covers three types of affordable housing policies:

Residential impact fees
for small residential projects



Applied to individual single-family homes and smaller scale residential developments (fewer than 10 units)

Inclusionary requirements / in-lieu fees
for larger residential projects



Require multifamily projects to offer a percentage of the units at below market rates (or pay an in-lieu fee)

Commercial linkage fees
for non-residential development



Applied to office, R&D, hotel, retail, and/or industrial development

Participants by Category

	Residential Nexus Study	Residential Feasibility / Inclusionary Study	Commercial Nexus Study	Commercial Feasibility Study
Gilroy				
Los Altos Hills				
Los Gatos				
Mountain View				
Santa Clara (city)				
Sunnyvale				
Total Jurisdictions	3	4	4	4

Key

- Studying policy for first time implementation
- Studying updates to existing policy via this project
- Current policy in place, not participating in study
- No current policy, not participating in study

Key Objectives

The goal is to enact a carefully considered set of policies in the six jurisdictions such that they are:

Legally Defensible

- Residential impact fees and commercial linkage fees are considered impact fees that need to be supported by a **nexus study**
- The **nexus study** demonstrates the connection between new development and the need for affordable housing

Financially Feasible

- The fee and inclusionary programs should be designed to make a material contribution to the region's affordable housing need, while not constraining development

Coordinated

- Wherever possible, the policies should employ consistent standards and make sense:
 - in relation to one another
 - in relation to similar policies in nearby communities not participating in the study

Getting to the Recommendations



Residential Impact Fee Nexus Analysis

Establishes the maximum legally justifiable impact fee amount



New Housing
Units



New
Household
Spending



New
Workers

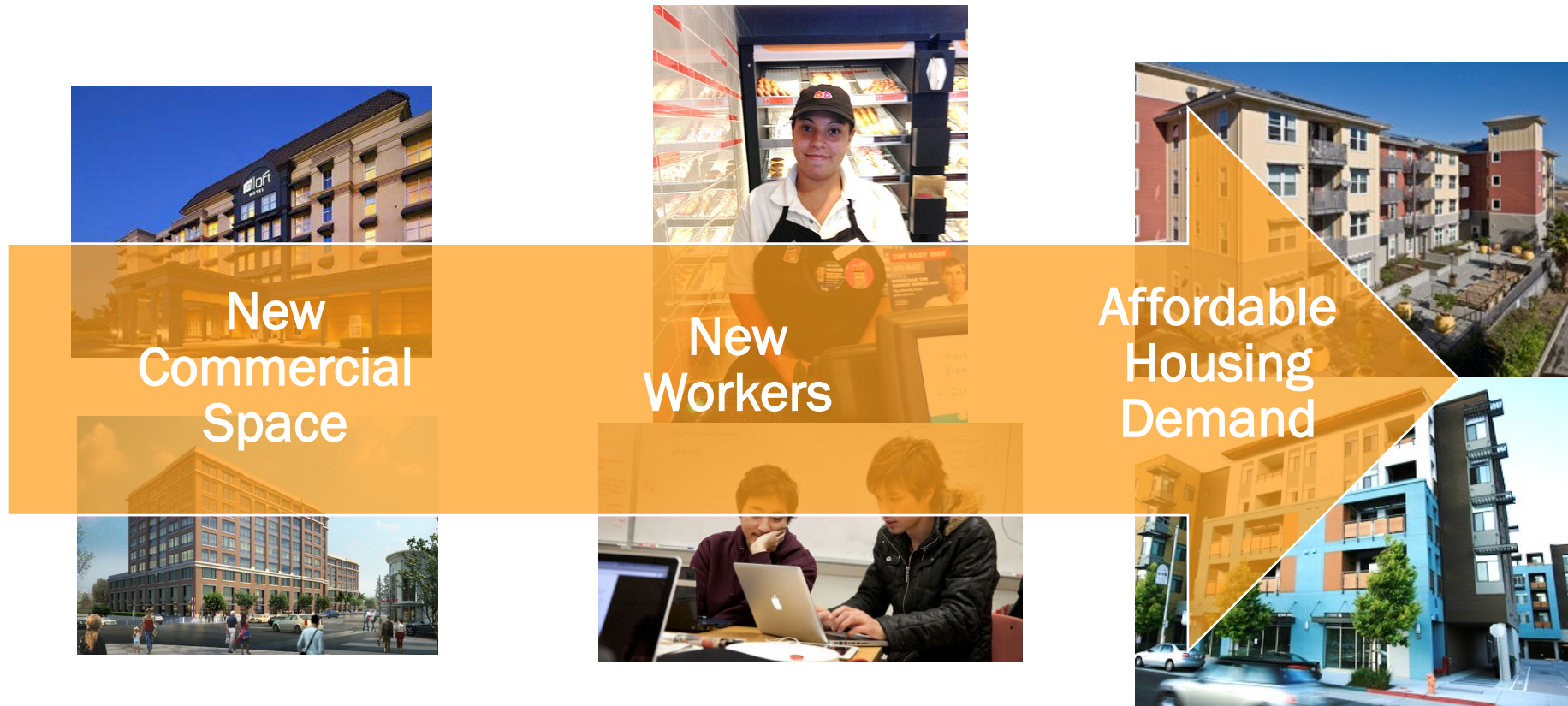


Affordable
Housing
Demand



Commercial Linkage Fee Nexus Analysis

Establishes the maximum legally justifiable impact fee amount



Inclusionary and In-lieu Fee Policies

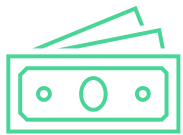
Inclusionary policies require a certain percentage of units in a residential development to be offered at below market rates

An Inclusionary Requirement Consists of:

- Percentage Requirement for Below Market Rate Units
- Income Levels Targeted

The requirement can sometimes be met through alternative means:

In-lieu Fees



Partnerships /
Land Dedication



Off-site
Units



Example Residential Development

- 20 total units
- 15% inclusionary requirement:
 - 10% Low Income
 - 5% Very Low Income

- Market Rate Units
- Low Income Units
- Very Low Income Unit

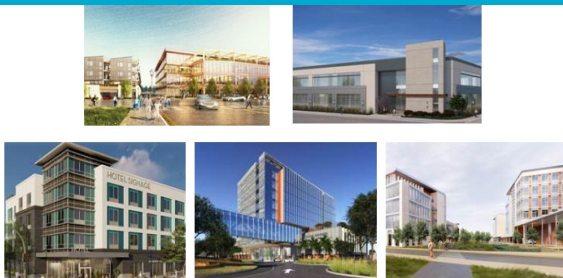


Financial Feasibility Analysis

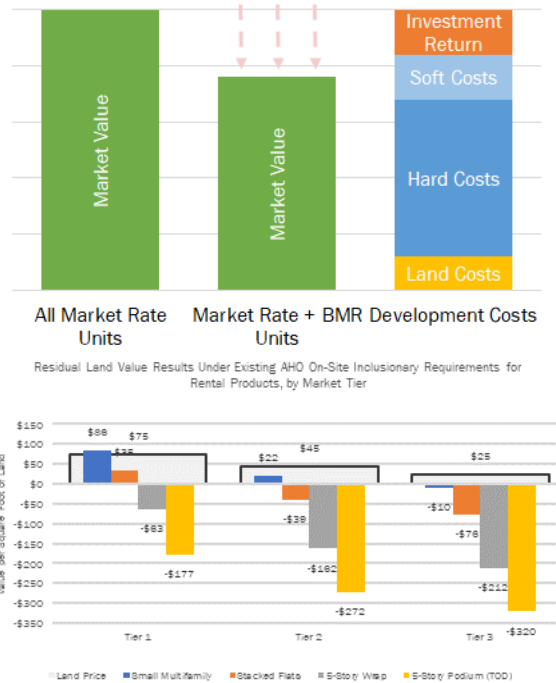
Residential Building Prototypes



Commercial Building Prototypes

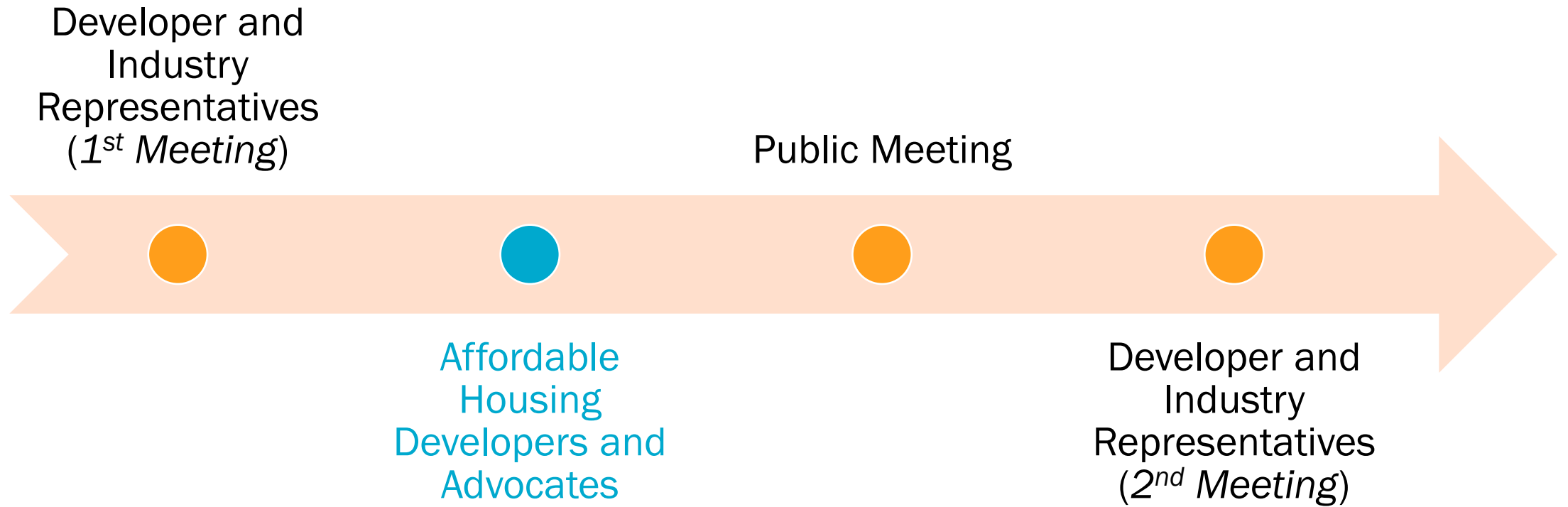


Pro Forma Scenario and Sensitivity Analysis



Impact Fee & Inclusionary Recommendations

Plan for Stakeholder and Public Outreach



Project Schedule

Task 1 Project Initiation and Group Kick-Off Meeting

Task 2 City-Specific Kick-Off Meetings

Task 3 Stakeholder and Work-In-Progress Meetings

3.1 Developer Stakeholders

3.2 Housing Advocates

3.3 Public Virtual Meeting

3.4 Work-in-Progress Meetings

Task 4 Residential Nexus Analysis

Task 5 Residential Feasibility Study and Inclusionary Analysis

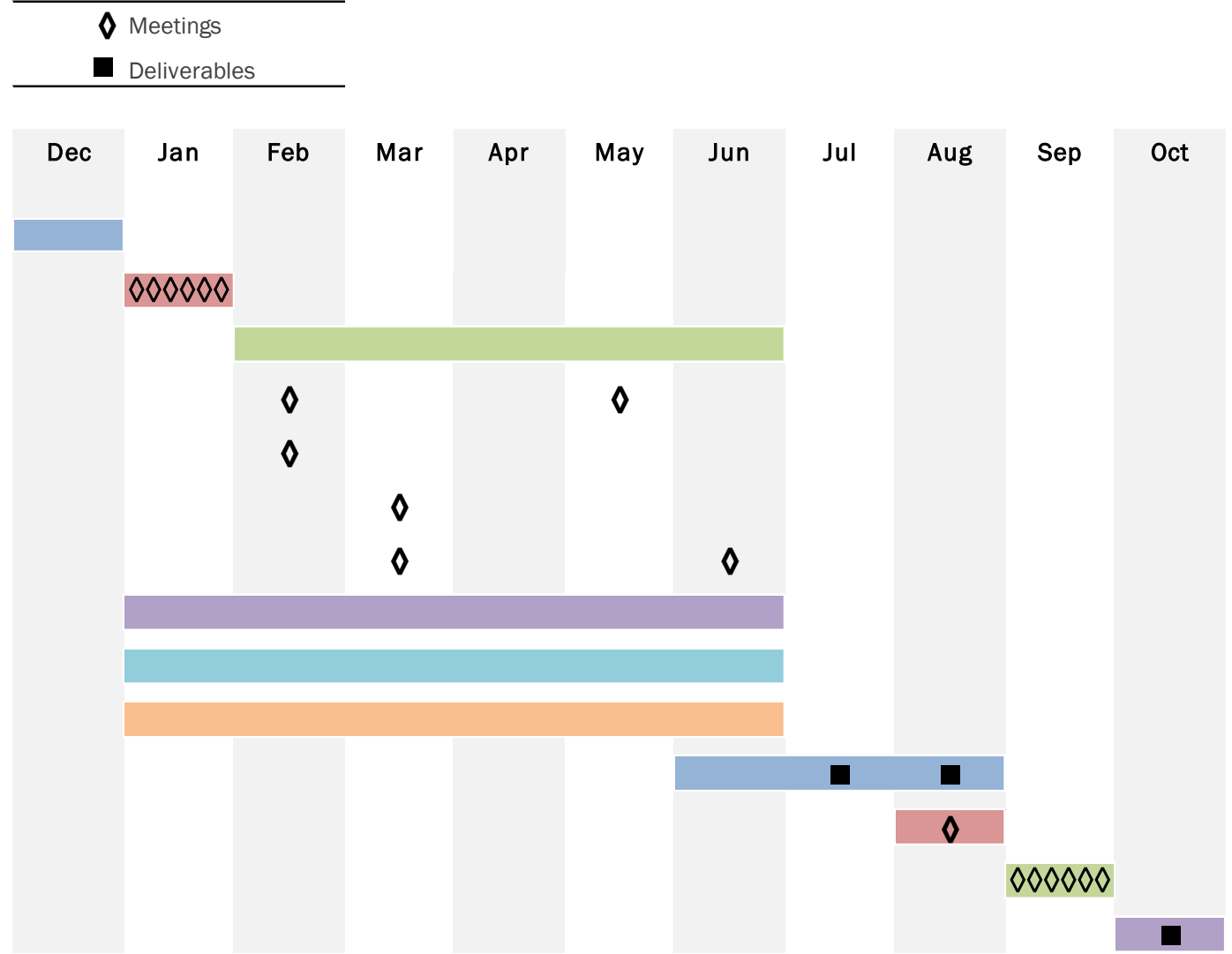
Task 6 Commercial Nexus Study and Feasibility Analysis

Task 7 Draft Suite of Reports

Task 8 Group Meeting to Discuss Results

Task 9 One-On-One Meetings to Present Recommendations

Task 10 Final Reports



Responses to Questions

Please add additional questions to the chat

Feedback on Important Considerations

- What opportunities and challenges should the study consider?
- Based on your experience, what successes and drawbacks have you observed in use of inclusionary and fee programs for producing affordable housing in the participating Santa Clara County communities?

Please submit further written comments to:

stakeholderfeedback@strategiceconomics.com