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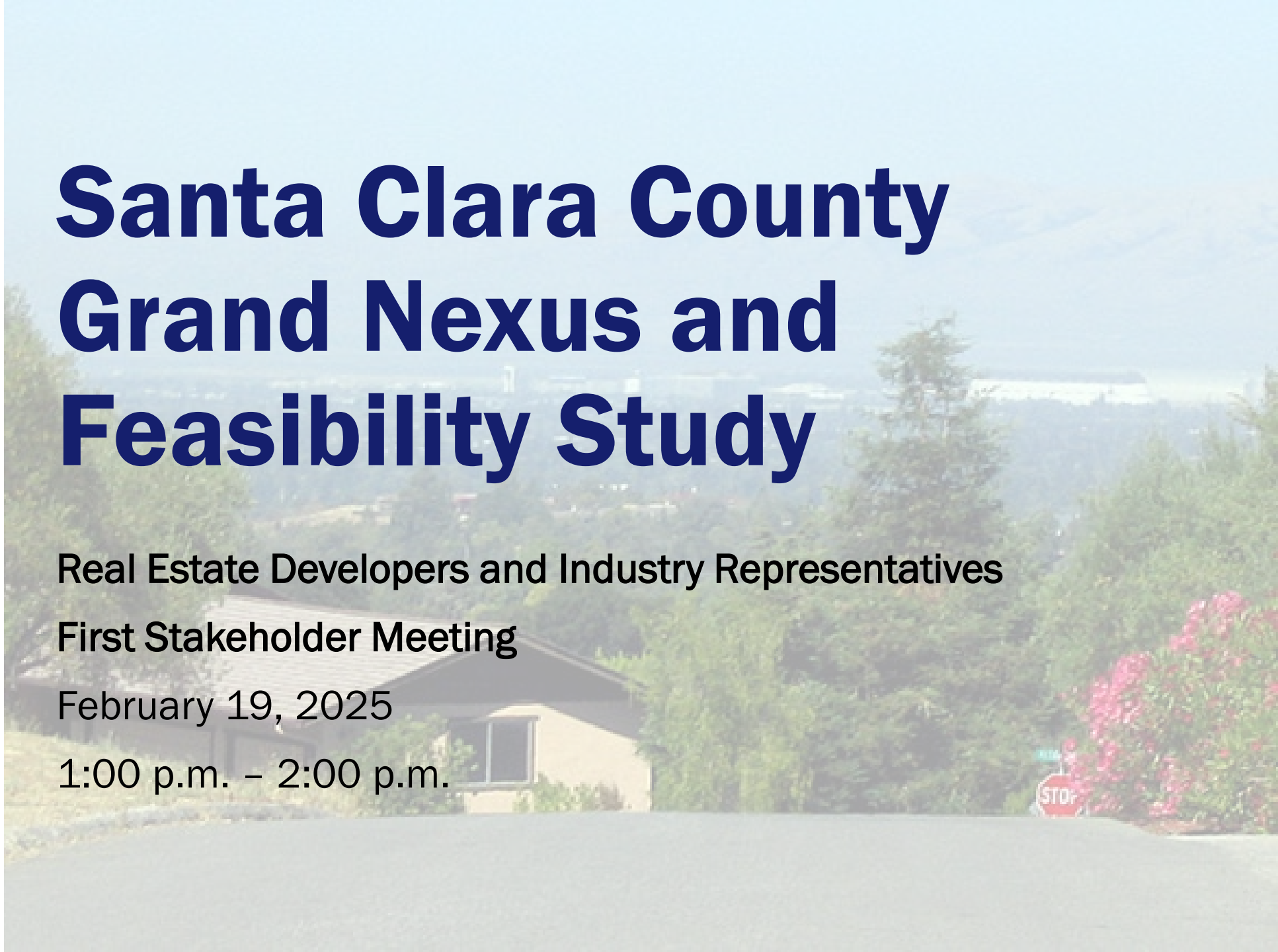
Santa Clara County Grand Nexus and Feasibility Study



Real Estate Developers and Industry Representatives

First Stakeholder Meeting

February 19, 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

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Kristy Wang
Principal

Josh Ellsworth
Consulting Senior Associate

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Derek Braun
Principal

Jake Cummings
Senior Associate

Participating Jurisdictions

City of Gilroy — A community with a spice for life

Los Altos Hills, California

Town of Los Gatos — Incorporated 1887

City of Mountain View

City of Santa Clara — The Center of What's Possible

Sunnyvale

Study Purpose and Scope

Update local policies for affordable housing fees and inclusionary affordable housing requirements

Ensure these tools can help produce affordable housing in Santa Clara County

The study covers:

- **Residential impact fees** applied to individual single-family homes and smaller scale residential developments (fewer than 10 units)
- **Inclusionary affordable housing requirements** that require multifamily projects to offer a percentage of the units at below market rates (or pay an in-lieu fee)
- **Commercial linkage fees** applied to non-residential 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

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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

MAXIMUM JUSTIFIABLE FEE (BASED ON NEXUS STUDIES)

FINANCIAL FEASIBILITY & PEER CITY POLICY ANALYSIS

COMMUNITY ENGAGEMENT & CITY POLICY PREFERENCES

RECOMMENDED FEE PROGRAMS AND INCLUSIONARY POLICIES

Residential Impact Fee Nexus Analysis

Establishes the maximum legally justifiable impact fee amount

New Housing Units

New Household Spending

New Workers

Affordable Housing Demand

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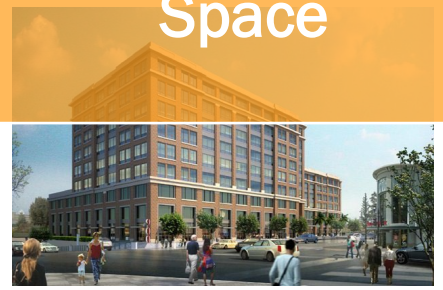
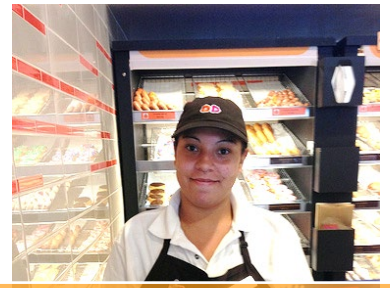
Commercial Linkage Fee Nexus Analysis

Establishes the maximum legally justifiable impact fee amount

New Commercial Space





New Workers

Affordable Housing Demand

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

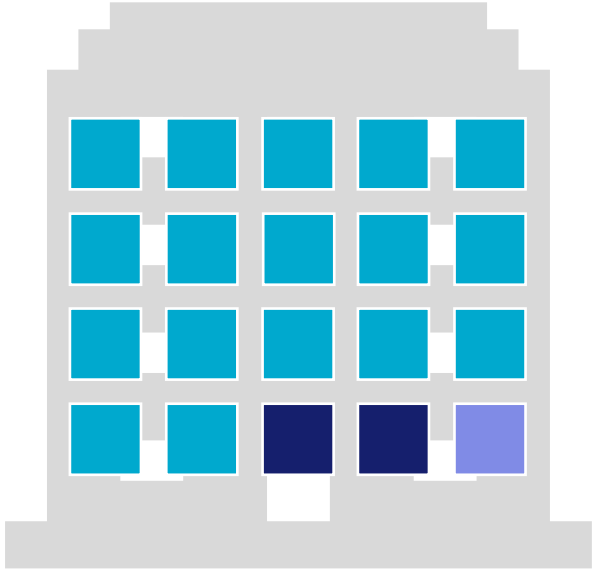
Example Residential Development

- 20 total units
- 15% inclusionary requirement
  (10% Low Income, 5% Very Low Income)

Market Rate Units

Low Income Units

Very Low Income Unit



The requirement can sometimes be met through alternative means:

In-lieu Fees

Partnerships / Land Dedication

Off-site Units

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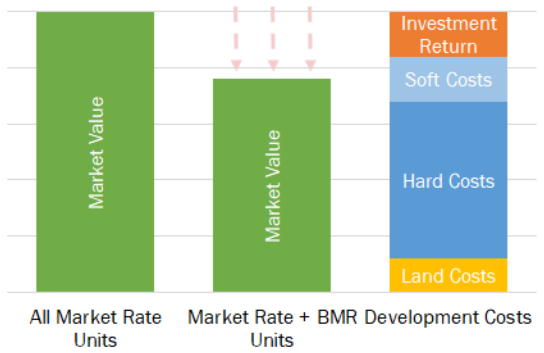
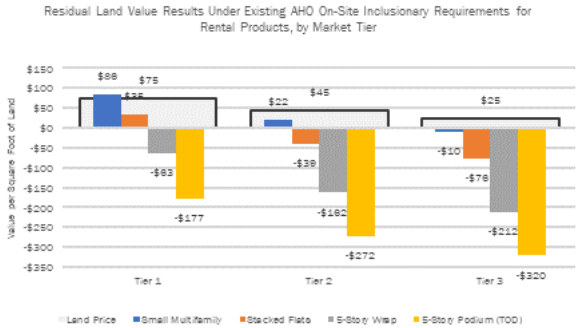
Financial Feasibility Analysis

Residential Building Prototypes

Commercial Building Prototypes

Pro Forma Scenario and Sensitivity Analysis





Impact Fee & Inclusionary Recommendations

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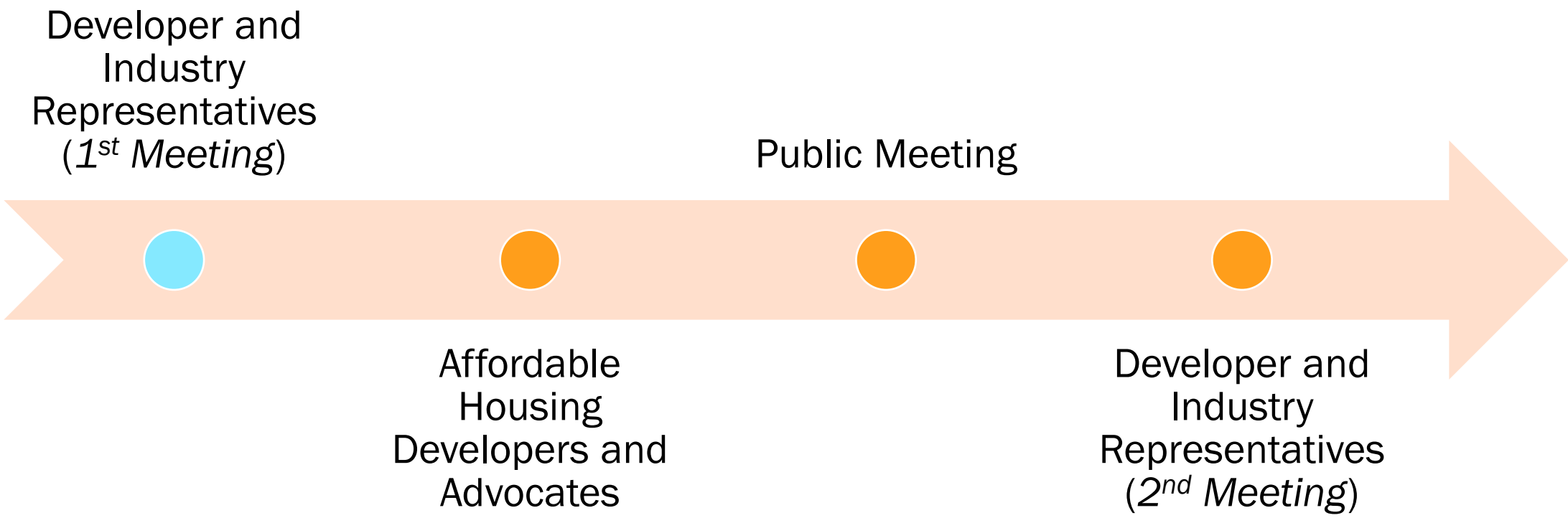
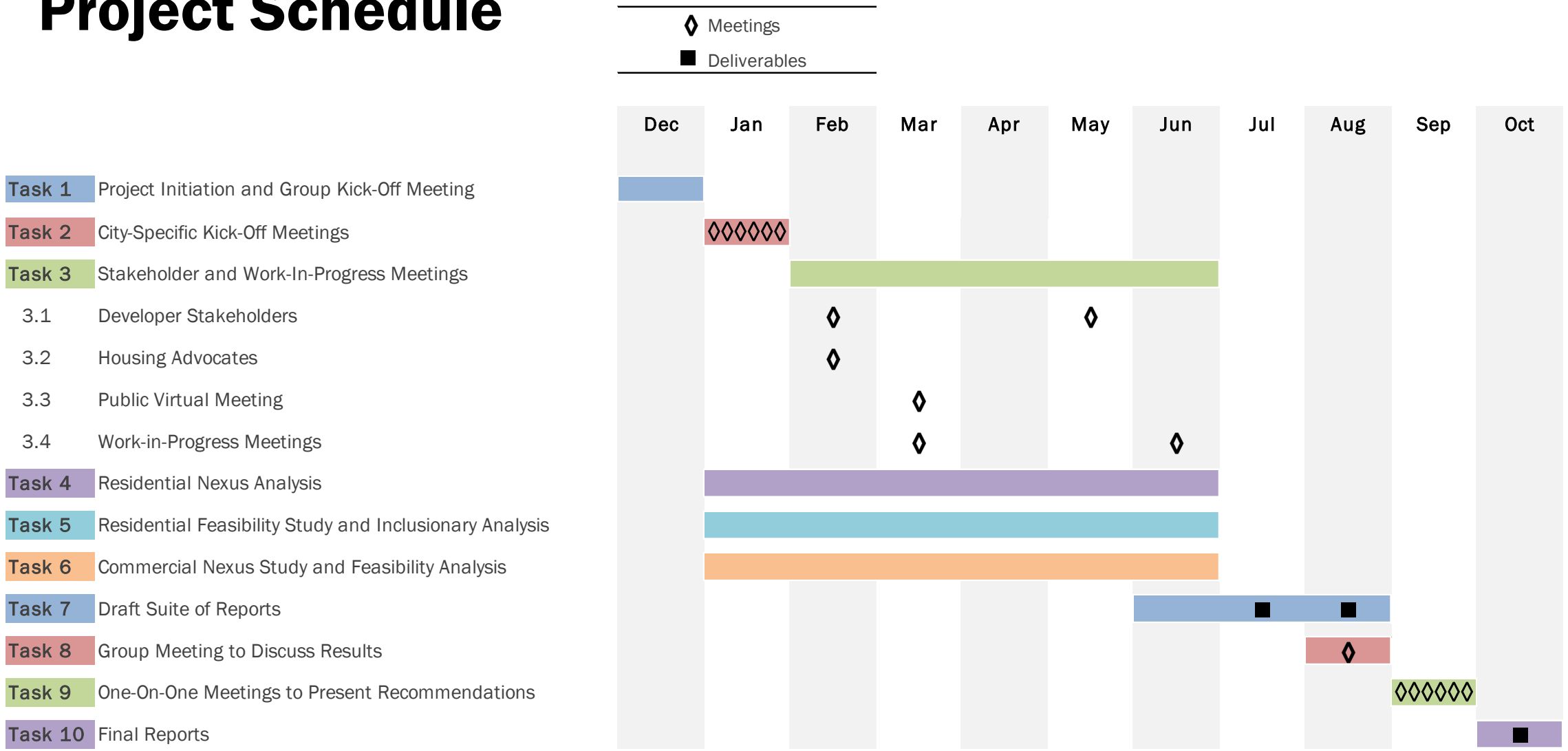
Plan for Stakeholder and Public Outreach



Project Schedule



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Responses to Questions

Please add additional questions to the chat

Feedback on Important Considerations

- What issues, challenges, and opportunities should the study consider?
    - Current feasibility conditions for different products? For different market areas?
    - Best practices for application of these fees and requirements?

Please submit further written comments to:

stakeholderfeedback@strategiceconomics.com