



City of Milpitas Affordable Housing Ordinance

Milpitas City Council
June 12, 2018

Overview

- Current Affordable Housing Program and Policy
- What is an Affordable Housing Ordinance?
- Proposed City Affordable Housing Ordinance

Affordable Housing Program

- City of Milpitas Redevelopment Agency
 - 274 ownership units
 - 974 rental units
- Resolution 8491
 - June 2, 2015
 - 5% low over very low units or 5% of construction costs
- Affordable Housing Impact Fee Nexus
 - Determines a Maximum Impact Fee for affordable housing

Community/Stakeholder Outreach Efforts

Meeting	Date
Nexus Study 30 day Review Notice	November 3, 2017-December 3, 2017
Nexus Study Community Meeting	November 7, 2017
Nexus Study Community Meeting	November 15, 2017
Nexus Study Community Meeting	November 30, 2017
Nexus Study Community Meeting	December 14, 2017
Nexus Study Community Meeting	December 21, 2017
Nexus Study Community Meeting	January 4, 2018
Economic Development Commission	December 11, 2017
Meeting with BIA and NAIOP	December 18, 2017
Nexus Study Community Meeting	January 22, 2018
City Council Study Session	January 31, 2018
AHO Community Meeting	April 19, 2018
AHO Community Meeting	April 26, 2018
Planning Commission	May 23, 2018

Affordable Housing Impact Fee Nexus Study

- A Nexus Study analyzes the need for affordable housing generated by new residential and non-residential development and determines a maximum fee to mitigate that impact.
- Affordable Housing Impact Fee Nexus Study
 - Determines a Maximum Impact Fee
 - Completed in December 2016

Maximum Supported Residential Impact Fees

	SFD	Townhome	Condo	Apartment-Low Density	Apartment-High Density
Per Market Rate Unit	\$69,900	\$52,700	\$39,400	\$35,000	\$40,800
Per Square Foot	\$30.50	\$33.00	\$43.80	\$31.90	\$45.40

Maximum Supported Non-Residential Impact Fees

	Office	Retail	Hotel	Light Industrial	Warehouse
Per Square Foot	\$142.70	\$268.00	\$128.70	\$149.60	\$47.80

What is an Affordable Housing Ordinance?

- A tool to increase affordable housing inventory
- Requires affordable housing in new residential development.
 - Either provide units or payment of fees.
- Some jurisdictions also have a requirement for non-residential development.
 - Usually fees

Proposed City AHO

- Requirements for Residential and Non-residential developments
 - Residential units would provide units in the development.
 - Non-Residential development would pay a fee.
- Applicable to any land use application not deemed complete by the effective date of the ordinance.

Residential Requirements (Section 3)

- Proposed Ownership development
 - 10% requirement
 - Moderate Income
- Proposed Rental development
 - 10% requirement
 - Low Income
- Applies to developments of 10 units or more.
- All fractional units pay a fee.

Exceptions (Section 4)

- Payment in-Lieu of providing the affordable units in the development.
 - Developer must request In-Lieu Fee option from City Council
 - Council must make findings
 - In-Lieu Fee is based on the Impact fee as determined by the Nexus Study.
 - Fee would be set by resolution
 - Annual Increases are tied to the Construction Index

Other Exceptions

- Offsite Development
- Land Swap
- Square footage exchange
- Units and fees

Findings

- Prior to City Council approval to the requested exception, affirmative findings to the following must be made:
 - The exception requested exceeds the minimum affordable requirements; and
 - The project is better served with the exception; or
 - The community benefits exceed the project benefits.

Non-Residential Requirements (Section 5)

- All Proposed Non-Residential developments would pay a fee of \$4 per square foot.
 - Applies to new development over 5,000 sq. ft.
 - Fees would be dedicated for low income developments
 - Non-residential exemptions:
 - Daycare and nurseries
 - Hospitals
 - Other
 - Fee to be determined by separate resolution

Other Jurisdictional Non-Residential Impact Fees

	Office	Retail	Hotel	Light Industrial
Mt. View	\$25.00	\$2.68	\$2.68	\$25.00
Cupertino	\$20.00	\$10.00	\$10.00	\$20.00
Palo Alto	\$35	\$20.37	\$20.37	\$19.85
Sunnyvale	\$15.00	\$7.50	\$7.50	\$15.00
Redwood City	\$20.00	\$5.00	\$5.00	N/A
Fremont*	\$4.00	\$4.00	\$4.00	\$1.00
San Jose	Under Consideration			

* Sliding scale. Fee to increase \$2/sq. ft. in 2019

General Requirements (Section 6)

- Affordable Units must be of like make and quality
- Equal bedroom distribution
- Affordable Ownership Requirements
 - 45 year affordability term
 - City Purchase Option
 - First Time Homebuyer
 - Owner-Occupancy
- Rental Requirements
 - 55 Year affordability restriction

Affordable Housing Credits (Section 7)

- If a developer produces more affordable units than required, receives an affordable unit credit.
 - Bedroom size and affordability level
 - Can be transferred
- Council approves the credit, managed on the administrative level

Zoning Incentives (Section 8)

- For Developments that provide greater than 20% affordable units, developers can receive two of the following:
 - Priority Application Processing
 - Reduced setbacks
 - Greater Floor to Area Ratio (FAR) Commercial Space in mixed used development
 - Reduced Landscaping, interior and exterior amenities requirements.
 - Parking reduction requirements
 - Height restriction waivers

Recommendation

1. Following the City Attorney's reading of the title of Ordinance No. 297 regarding affordable housing, move to waive the first reading beyond the title.
2. Move to introduce Ordinance No. 297 to amend Title 1, Chapter 1, Section 4.02 and to add Title XII to the Milpitas Municipal Code.
3. Direct staff to prepare a City Council resolution for adoption of these fees:
 - a) \$30 per square foot in-lieu fee for Residential Ownership developments
 - b) \$31 per square foot in lieu fee for Residential Rental developments
 - c) \$ 4 per square foot impact fee for Non-Residential developments