



SAN DIEGO
HOUSING
COMMISSION

Stakeholders Meeting 2010 Nexus Study & Best Practices Study

Wednesday January 19, 2011



What is a Linkage Fee?

A fee based on a nexus analysis that documents the linkages among construction of new workplace buildings, the employees that work in them, and the demand for affordable housing that these positions create.



Local Fee for Affordable Housing

- Linkage Fee
(**Commercial Development**) - Original Revenue Source for HTF
- Inclusionary Fee
(**Residential Development**) - Affordable Units or in lieu fee)



AFFORDABLE HOUSING FUND



History of the Commercial Development Impact Fee

- July 1989 – Keyser Marston Associates (KMA), Inc. prepares San Diego’s first study to determine the nexus between commercial development and impacts on housing.
- April 16, 1990 – San Diego City Council adopts the first “Linkage” fee and creates the City’s Housing Trust Fund.
- February 21, 1996 – 1995 San Diego Housing Trust Fund Task Force submitted its Housing Trust Fund Revenue Sources Report to Members of the Land Use and Housing Committee.
- July 8, 1996 – To spur business development during the City’s recession, the City Council cut linkage fees in half.
- June 18, 2003 – Affordable Housing Task force (AHTF) recommends doubling the 1990 linkage schedule.
- December 12, 2004 – KMA issues the 2004 – 2005 updated Nexus Study.



Continued

- 2008 - KMA, at the request of HC, reviewed and partially updated the 2004 report.
- July 29, 2009 – Office of City Auditor release Performance Audit Report of the San Diego Housing Commission.
- September 2, 2009 – LU&H directs staff to prepare an update of the Linkage Fee Nexus Study, and recommendations to identify other potential funding sources.
- November 19, 2009 – First Stakeholders meeting was held; main topics of discussion were the San Diego Housing Commission Performance Audit, history of HTF, the Linkage Fee, and two separate scopes of services for nexus study and potential source of revenue.
- December 3, 2009 – Meeting of Steering Committee to Complete Scope(s) of Services for RFP Process.
- February 11, 2010 – Release Request for Proposals for Studies.



Continued

- May 20, 2010 – Steering Committees evaluate and recommend contract awards to Keyser Marston Associates (Linkage Fee Study) and Bay Area Economics (Best Practices Study).
- June 30, 2010 – Contract executed for both studies.
- July 15, 2010 – Kick-off meeting with Stakeholders and Introduction of Consultants.
- July 1 – September 30, 2010 – Consultant completes research, analysis and recommendations.
- September 9, 2010 – Meeting with Stakeholders to update progress of studies.
- October 15, 2010 – Linkage Fee and Best Practices Studies along with recommendations released to the Housing Commission Board and Stakeholders/General Public.



Continued

- November 10, 2010 – SDHC conducts workshop with LU&H regarding Linkage Fee and Best Practices Studies.
- December 8, 2010 – Meeting with Stakeholders to discuss how to review, analyze and make recommendation regarding both studies.



Estimates of Current Housing Needs

The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census for the U.S. Department of Housing and Urban Development provides detailed information on housing needs by income level for different types of households. Detailed CHAS data for the City of San Diego based on the 2000 Census.

** Please refer to Handout*



Fee History

	1995	→	1996-Today
■ Office-	\$2.12	→	\$1.06
■ Hotel-	\$1.27	→	\$0.64
■ Retail-	\$1.27	→	\$0.64
■ Manufacturing-	\$1.27	→	\$0.64
■ Warehouse-	\$0.54	→	\$0.27
■ R&D-	\$1.60		\$0.80



Original Housing Trust Fund Funding Sources

- Linkage Fee
- TOT Incremental Increase
- Utility User Fee
- Business License Fee (based upon year end revenue)
- Lighting/Maintenance District to offset General Fund money expended on housing



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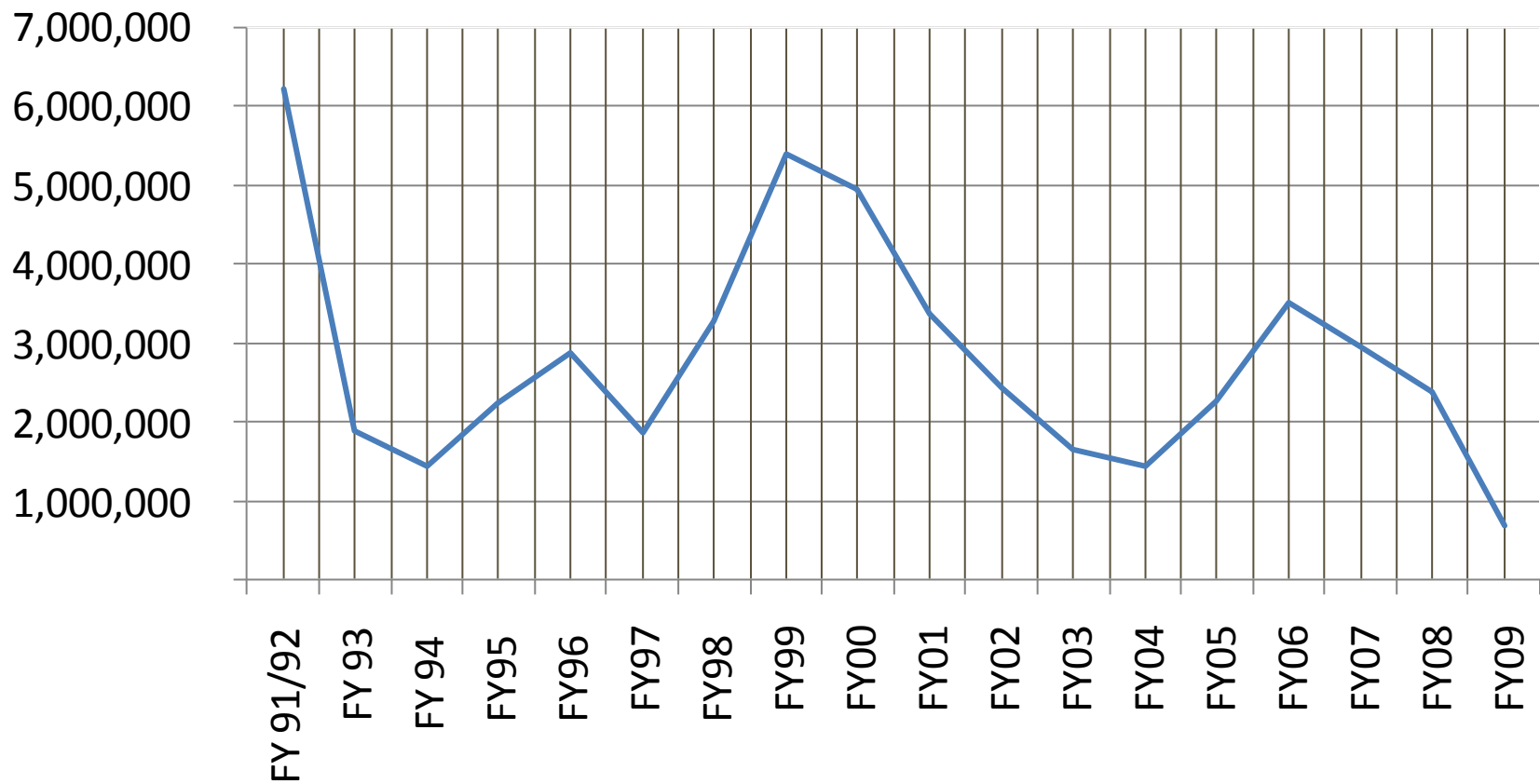


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Linkage Fee Collection



CA Jurisdictions with Linkage Fees



- **Sacramento**— Fees range from \$0.50 per sq ft. for warehouses to over \$2.00 for retail commercial with automatic annual adjustments based on the San Francisco Construction Cost Index.



- **San Francisco**—Entertainment \$18.62/sf, Hotel \$14.95/sf, Office \$19.96/sf, and Retail \$18.62/sf with a built in inflation formula.



- **Santa Monica**—\$4.77/sf up to 15,000/sf and \$10.61/sf above 15,000/sf.



- **Menlo Park**— \$13.62/sf for office and R&D and \$7.40/sf for all other commercial development.



CA Jurisdictions with Linkage Fees



- **Palo Alto**— As of May 1, 2001, the Commercial Housing Mitigation fee is \$16.01/sf; applies to all development over 20,000 /sf.



- **City of Pleasanton**—Currently: Commercial is \$2.66/sf. Fee is revised by the percentage increase or decrease in the Consumer Price Index for San Francisco/Oakland region.



- **City of Sunnyvale**—Housing Mitigation fees \$8.00/sf for commercial development.



- **City of Petaluma**—Commercial \$2.08/sf, Retail \$3.59/sf and Industrial \$2.15/sf.



Next Steps

- January 25, 2011 – Task Force Meetings (10:00am – Noon)
- February 9, 2011 – Task Force Meetings (10:00 am – Noon)
- February 16, 2011 Report out Meeting to Stakeholders (10:00 am – Noon)
- February 23, 2011 – Draft of recommendations from SDHC
- February 24 - March 18, 2011 – Public Comment Period, SDHC Staff report preparation, meeting with Council Offices/Stakeholders
- March 24, 2011 – Submission of report to LU&H Consultant
- March 30, 2011 – LU & H Meeting
- April 4, 2011 - Report with LU&H direction submitted for City Council
- April 26, 2011 - City Council Meeting
- May 2011 – Meeting with City Attorney to draft revised ordinances, etc.

