



Office of the City Manager

ACTION CALENDAR  
February 19, 2013

To: Honorable Mayor and Members of the City Council  
From:  Christine Daniel, City Manager  
Submitted by: Eric Angstadt, Director, Planning and Development  
Subject: Council Referral: Discounted Affordable Housing Impact Fee for Existing Projects

RECOMMENDATION

Adopt a Resolution reducing by 50% the Affordable Housing Impact Fee for projects that had submitted applications prior to October 16, 2012 and who complete those applications within two years and receive initial project approvals prior to October 16, 2014.

FISCAL IMPACTS OF RECOMMENDATION

Since the City Council adopted the Affordable Housing Impact Fee on October 16, 2012 all existing projects subject to the fee have chosen to provide affordable units on site rather than pay the impact fee. As a result, no impact fees for the Housing Trust Fund have been collected. Lowering the impact fee for existing projects would increase the likelihood of payment of fees to the Housing Trust Fund.

BACKGROUND

The motion adopting the Affordable Housing Mitigation Fee on October 16, 2012 also referred the following five issues to the City Manager for a report back in January 2013.

- Develop criteria for fee exemptions based on factors such as nonprofit status, cooperative structure, and allocation of housing to a minimum percentage of low income.

Health, Housing and Community Services Department staff is working on this issue and intends to bring recommendations to City Council by June, 2013.

- Establish a local density bonus program.

Planning Department staff have added this item to their FY 2014 work plan. The Planning Department work plan is tentatively scheduled for a City Council May 21, 2013 work session.

- Notify affected groups, such as sororities, fraternities, boarding houses, that they are not affected by the fee when the referrals come back on the agenda.

Planning Department staff are working with Finance Department staff to assemble a mailing list. The notice will be sent as soon as the list is compiled.

- Providing an information report to Council in one year regarding the impact fee program.

Planning Department staff will provide an information report on which projects have paid Affordable Housing Impact Fees for the period October 17, 2012 to October 16, 2013. This report is tentatively scheduled for December 3, 2013 as staff reports for that meeting are due to the City Clerk on October 31, 2013.

- Options for offering a discounted fee if certain permit benchmarks are reached in the first two years of the impact fee program.

February 19, 2013, subject of this report.

#### CURRENT SITUATION AND ITS EFFECTS

The City Council approved the Affordable Housing Impact Fee on October 16, 2012. The Council also referred to staff the idea to develop options for offering a discounted fee to developers if certain permit benchmarks are reached in the first two years of the impact fee program. Since the adoption of the impact fee of \$28,000 per unit, all existing projects in the entitlement process have elected to produce affordable units rather than pay the fee. In several cases the applicants have revised their project to take advantage of the state density bonus provisions and added extra height and density to their proposals.

#### RATIONALE FOR RECOMMENDATION

The projects most impacted by the level of the impact fee are those that were already in the development process when the amount of the impact fee was adopted. Therefore, staff recommends the discount program be limited to those projects with applications filed prior to October 16, 2012, the time the fee was set, who had not received project approval and who complete those entitlement applications within two years. The number of applications of projects subject to the Affordable Housing Impact Fee on file as of October 16, 2012 was 6 projects totaling 535 proposed units. This is the universe of projects eligible for the discount program as proposed in this report. Under this proposal, projects would have to receive their initial project approval (Zoning Adjustment Board) prior to October 16, 2014 to remain eligible for the discount program.

#### ALTERNATIVE ACTIONS CONSIDERED

None

#### CONTACT PERSON

Eric Angstadt, Director, Planning and Development, 981-7400

Attachments:

1. Resolution

RESOLUTION NO. ##,###-N.S.

ADOPTING A 50% DISCOUNT OF THE AFFORDABLE HOUSING IMPACT FEE FOR ELIGIBLE PROJECTS WITH UNAPPROVED APPLICATIONS ON FILE WITH THE PLANNING DEPARTMENT AS OF OCTOBER 16, 2012 WHO RECEIVE INITIAL APPROVAL OF SAID APPLICATIONS ON OR BEFORE OCTOBER 16, 2014

WHEREAS, on October 16, 2012 the City Council adopted Resolution No. 65,920-N.S., setting the Affordable Housing Impact Fee at \$28,000 per unit; and

WHEREAS, on October 16, 2012, the City Council directed the City Manager to develop options for offering a discounted fee if certain permit benchmarks are reached in the first two years of the impact fee program.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that notwithstanding Resolution No. 65,920-N.S., development applications for projects subject to the Affordable Housing Impact Fee that were substantially complete and on file with the City of Berkeley Planning and Development Department as of October 16, 2012, and are approved by the Zoning Adjustments Board on or before October 16, 2014, shall be entitled to a 50% discount of the Affordable Housing Impact Fee.

