

## HOUSING DEPARTMENT

### Impact Analysis Report

#### **OVERVIEW**

The Housing Department is responsible for the collection of fees related to the Rental Rights and Referrals Program and for the collection of Inclusionary Fees, Rental Mediation Penalty Fees, Homebuyer Subordination Fees, and Multi-Family Project Owner Transfer Fees.

The Rental Rights and Referrals Program fees are collected from rental units covered by the Rent Control Ordinance and the Mobile Home Rent Control Ordinance. In 2010-2011, the fee structure was adjusted to \$5.00 for rent-controlled apartments and \$1.00 for non-rent-controlled units. The fee structure for mobile home units remained unchanged in 2010-2011 at \$13.82. The fees were set at an amount to cover the estimated costs of providing the Program, which include mediation services to settle tenant-landlord disputes, information and referral services, and outreach and education services. This fee schedule is proposed to remain unchanged for 2011-2012, with a proposed one-time use of \$177,169 from the Reserve for Rental Rights and Referrals generated from prior year fee program savings to maintain cost recovery levels.

Inclusionary in-lieu fees for the Inclusionary Housing Program support the production of affordable housing units. Housing developments in San Jose Redevelopment Agency Project Areas, or other specially-designated areas, require a portion of the housing units to be affordable to low- or moderate-income households. In limited circumstances, developers may choose to pay an "in-lieu" fee instead of building the required affordable units in their project. On January 12, 2010, the City Council adopted a

city-wide inclusionary housing ordinance to provide additional opportunities for affordable housing in San José. The ordinance will go into effect either when the City issues 2,500 residential permits in a rolling twelve-month period or on January 1, 2013, whichever comes first. The ordinance includes changes to the current in-lieu fee structure. However, due to the slowdown in development activity, it is unlikely that 2,500 residential permits will be issued during 2011-2012. As a result, the current in-lieu fees will remain in place for the foreseeable future.

#### **SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS**

No changes to the existing fees are proposed for 2011-2012.

#### **NOTIFICATION**

The Proposed Fees and Charges Report was released on May 6, 2011, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 17, 2011, at 7:00 p.m. and Monday, June 13, 2011, at 7:00 p.m. in the Council Chambers.

# DEPARTMENTAL FEES AND CHARGES

# HOUSING

Service	2010-2011 Adopted Fee	2010-2011 % Cost Recovery	2011-2012 Proposed Fee	2011-2012 Estimated Cost	2011-2012 Estimated Revenue		2011-2012 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
<b>LOW AND MODERATE INCOME HOUSING FD - CATEGORY I</b>									
<b>1. Homebuyer Subordination Fee</b>									
1 Homebuyer Subordination Fee	\$280 per transaction	100.0%	No Change	4,200	4,200	4,200	100.0%	100.0%	
<b>Sub-total Homebuyer Subordination Fee</b>		<b>100.0%</b>		<b>4,200</b>	<b>4,200</b>	<b>4,200</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>2. Multi-Family Project Owner Transfer Fee</b>									
1 Multi-Family Project Owner Transfer Fee	\$1,275 per transaction	100.0%	No Change	2,550	2,550	2,550	100.0%	100.0%	
<b>Sub-total Multi-Family Project Owner Transfer Fee</b>		<b>100.0%</b>		<b>2,550</b>	<b>2,550</b>	<b>2,550</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>SUB-TOTAL LOW AND MODERATE INCOME HOUSING FD - CATEGORY I</b>		<b>100.0%</b>		<b>6,750</b>	<b>6,750</b>	<b>6,750</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>MULTI-SOURCE HOUSING FD - CATEGORY I</b>									
<b>1. Rental Rights and Referrals Program</b>									
Note: One-time use of \$177,169 from the Reserve for Rental Rights and Referrals will bring the 68.9% cost recovery to 100%.									
1 Apartment Unit	\$5.00 annually	100.0%	No Change	340,835	206,830	206,830	60.7%	60.7%	
2 Mobile Home Unit	\$13.82 annually	100.0%	No Change	183,449	147,611	147,611	80.5%	80.5%	
3 Non-Rent-Controlled Apartments	\$1.00 annually	100.0%	No Change	45,693	38,367	38,367	84.0%	84.0%	
<b>Sub-total Rental Rights and Referrals Program</b>		<b>100.0%</b>		<b>569,977</b>	<b>392,808</b>	<b>392,808</b>	<b>68.9%</b>	<b>68.9%</b>	
<b>SUB-TOTAL MULTI-SOURCE HOUSING FD - CATEGORY I</b>		<b>100.0%</b>		<b>569,977</b>	<b>392,808</b>	<b>392,808</b>	<b>68.9%</b>	<b>68.9%</b>	

# DEPARTMENTAL FEES AND CHARGES

# HOUSING

Service	2010-2011 Adopted Fee	2010-2011 % Cost Recovery	2011-2012 Proposed Fee	2011-2012 Estimated Cost	2011-2012 Estimated Revenue		2011-2012 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
<b>MULTI-SOURCE HOUSING FD - CATEGORY II</b>								
<b>1. Inclusionary Fees</b>								
1 For-Sale - High Rise in Downtown High-Rise Incentive Area	\$8.50 per square foot of total living space in entire development. Maximum per affordable unit: \$65,000		No Change					
2 For-Sale - High Rise not in Downtown Core	\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$200,200		No Change					
3 For-Sale - Low-Rise Condominium/Stacked Flat Units	\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$90,000		No Change					
4 For-Sale - Single-Family Detached Units	\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$200,000		No Change					
5 For-Sale - Townhouse/Row- House Units	\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$120,000		No Change					
6 Rental Units	\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$85,500		No Change					
<b>2. Rental Mediation Penalty:</b>								
<b>Apartments</b>								
1 30 days past due = 25% of principal	Penalties and interest assessed for delinquent permit payment		No Change					

# DEPARTMENTAL FEES AND CHARGES

# HOUSING

Service	2010-2011 Adopted Fee	2010-2011 % Cost Recovery	2011-2012 Proposed Fee	2011-2012 Estimated Cost	2011-2012 Estimated Revenue		2011-2012 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
<b>MULTI-SOURCE HOUSING FD - CATEGORY II</b>									
<b>2. Rental Mediation Penalty:</b>									
<b>Apartments</b>									
2 60 days past due = 50% of principal	Penalties and interest assessed for delinquent permit payment		No Change						
<b>3. Rental Mediation Penalty:</b>									
<b>Mobile Homes</b>									
1 30 days past due = 10% of the amount of the fee	Penalties and interest assessed for delinquent permit payment		No Change						
<b>SUB-TOTAL MULTI-SOURCE HOUSING FD - CATEGORY II</b>									
<b>TOTAL DEPARTMENT - NON-GENERAL FUND</b>				<b>576,727</b>	<b>399,558</b>	<b>399,558</b>	<b>69.3%</b>	<b>69.3%</b>	
<b>TOTAL DEPARTMENT - Category I</b>				<b>576,727</b>	<b>399,558</b>	<b>399,558</b>	<b>69.3%</b>	<b>69.3%</b>	
<b>TOTAL DEPARTMENT - Category II</b>									
<b>TOTAL DEPARTMENT</b>				<b>576,727</b>	<b>399,558</b>	<b>399,558</b>	<b>69.3%</b>	<b>69.3%</b>	