

DOWNTOWN RESIDENTIAL FEE INCENTIVES

DOWNTOWN SUBCOMITTEE
AUGUST 2, 2022



Clare Hartman
Director
Planning and Economic
Development

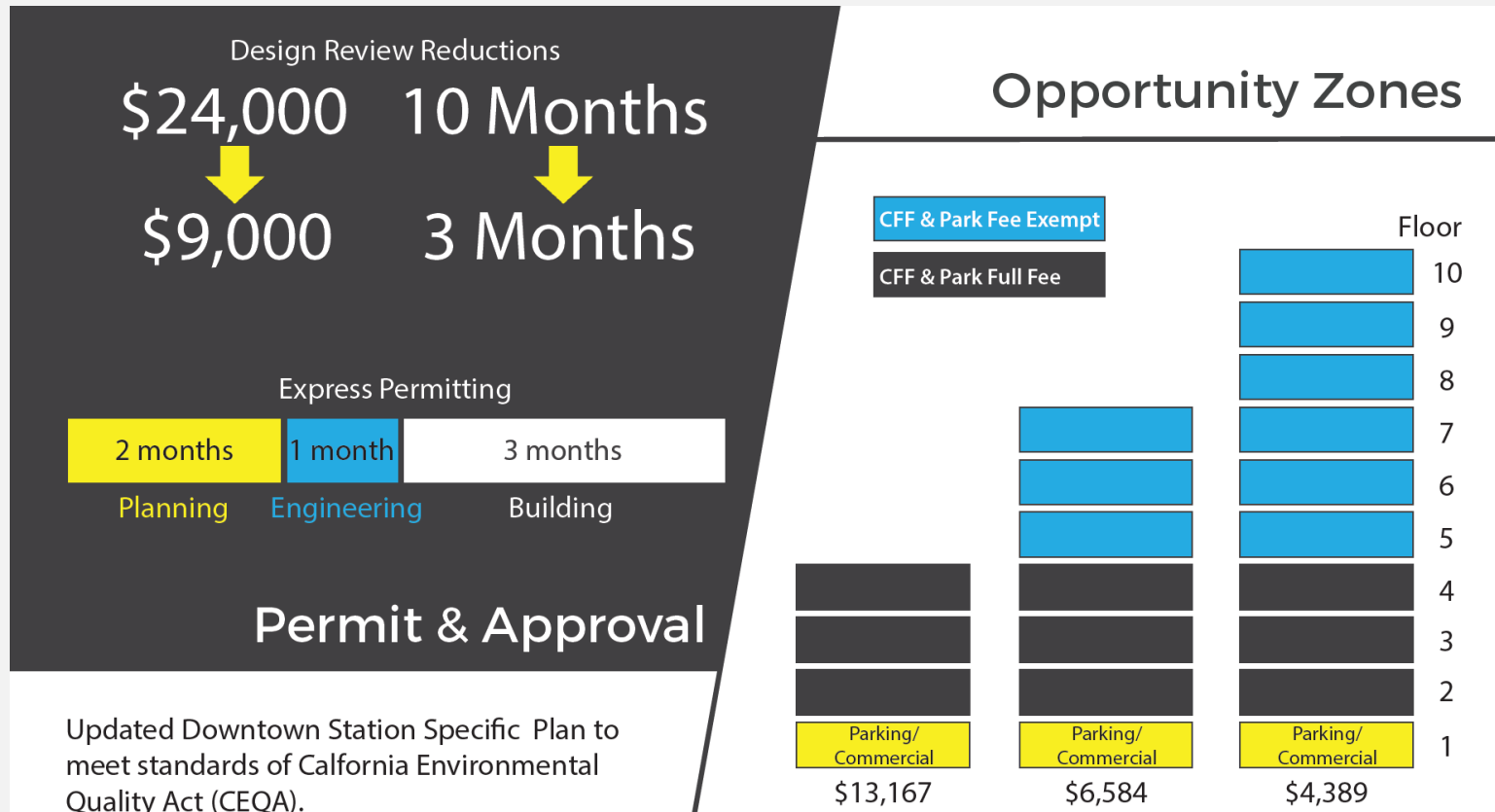
Jen Santos
Deputy Director
Parks Division

BACKGROUND 2016 TO PRESENT

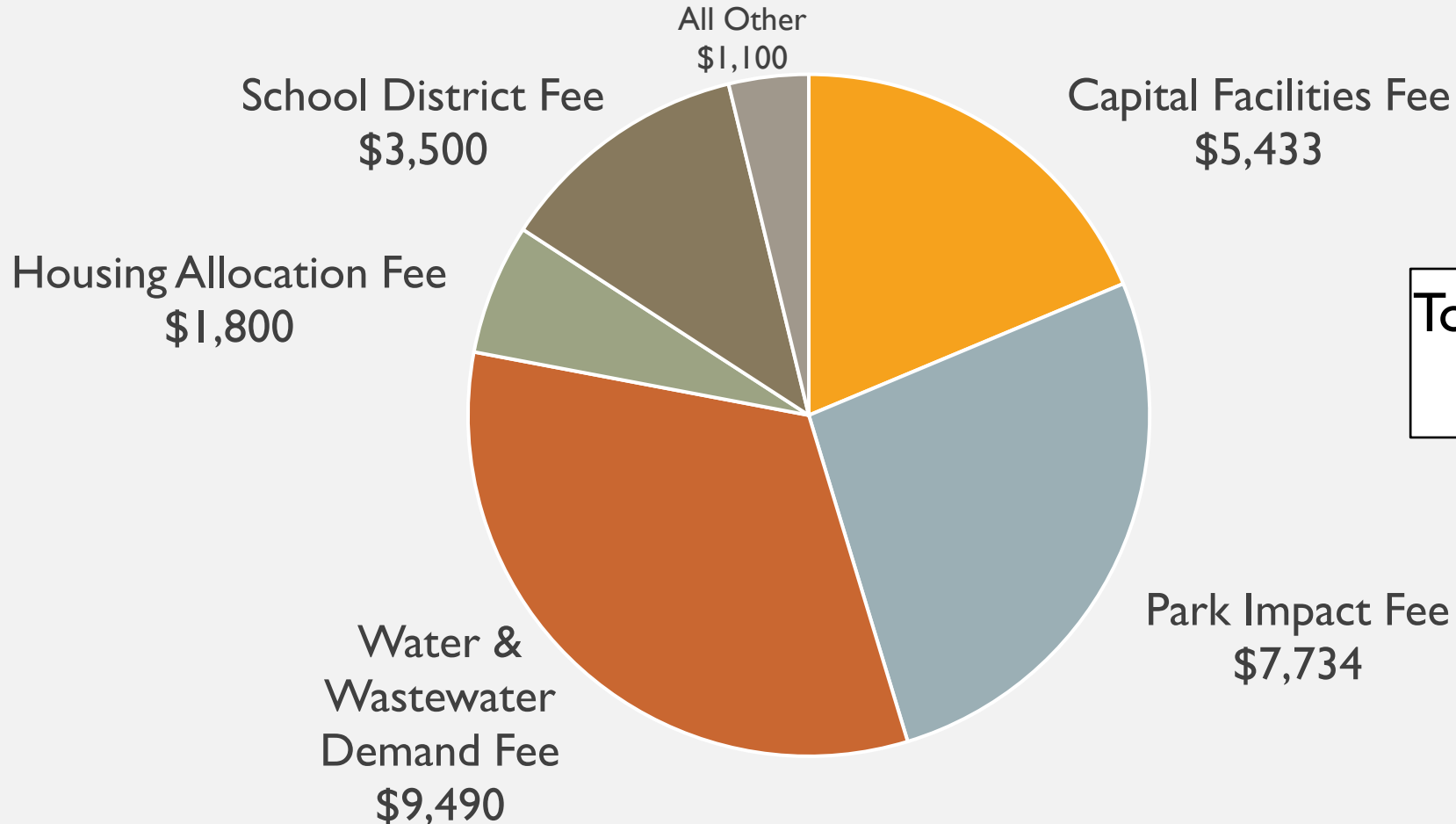
- Adopted the Santa Rosa Housing Action Plan
- Supported Downtown Housing as a Tier I Priority
- Created an UP Downtown toolbox
- Adopted a city-wide Resilient City Ordinance
- **Adopted Downtown Residential Fee Incentives**
- Adopted the Downtown Station Area Specific Plan
- Maintained *Housing for All* as a Council Goal

UP DOWNTOWN SANTA ROSA

- Council Priority
- Permit Streamlining
- CEQA Streamlining
- Fees & Incentives
- Opportunity Zone
- Downtown Plan Update
- City owned assets
- RED & RED Housing Fund



CURRENT ESTIMATED IMPACT FEES PER UNIT DOWNTOWN RESIDENTIAL PROJECTS



**As of:
September 18,
2018**

**Total Impact Fee per unit:
\$29,057**

¹ Fee varies by unit mix. Above estimate assumes average unit size of 800 sq. ft. and average fee per unit of \$1.50 per sq. ft.

² Building inspection, plan review, fire permit, technology, advanced planning, micrographics, and state-mandated fees.

DOWNTOWN RESIDENTIAL FEE INCENTIVE PACKAGE

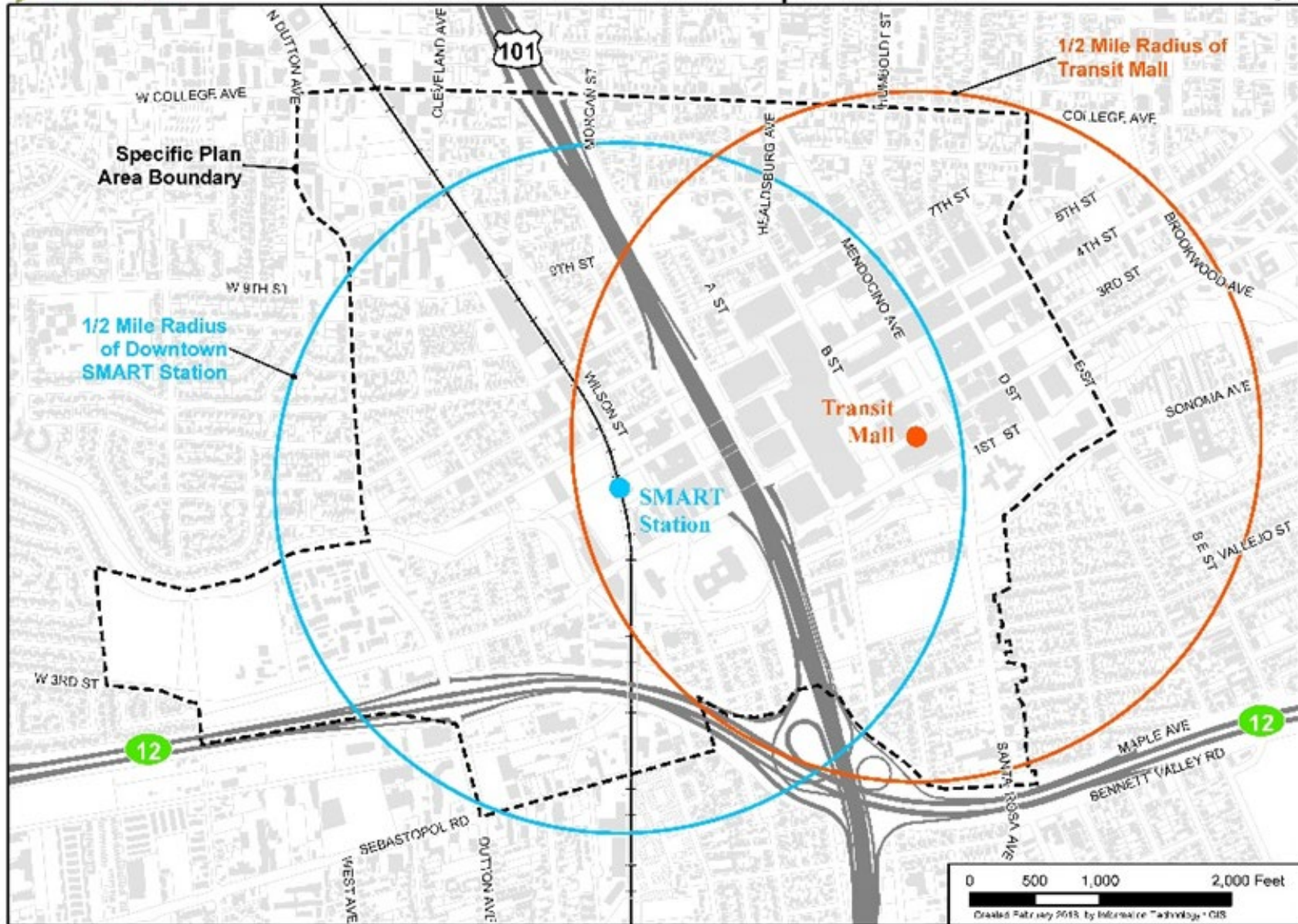
On September 25, 2018, the City Council adopts:

- Resolution #1: Capital Facilities Fees
- Resolution #2: Water and Wastewater Impact Fees
- Resolution #3: Park Impact Fees

DOWNTOWN RESIDENTIAL FEE INCENTIVE CRITERIA

- Located in the Downtown
- Zoned CD-7 or CD-10:
 - 4 or more stories total; and 3 must be residential
- CD-5, TV-M, TV-R, R-3-18, or R-3-30 Zoning:
 - 3 or more stories total; and 2 must be residential
- Breaking ground before August 31, 2023
 - “Breaking ground” is defined as securing a foundation permit

Downtown Station Area Specific Plan



DOWNTOWN INCENTIVE EXAMPLE

MARKET RATE VS. AFFORDABLE

	4 Stories	5 Stories	6 Stories	7 Stories	10 Stories
Residential Floors	3	4	5	6	9
<u>BEFORE INCENTIVES</u>					
Fee Per Unit (All Floors)	\$13,167	\$13,167	\$13,167	\$13,167	\$13,167
<u>AFTER INCENTIVES</u>					
<u>MARKET RATE</u>					
Fee Per Unit	\$13,167	\$13,167	\$13,167	\$13,167	\$13,167
% Units Subject to Fee	100%	75%	60%	50%	33%
Net Fees/ Unit	<u>\$13,167</u>	<u>\$9,875</u>	<u>\$7,900</u>	<u>\$6,584</u>	<u>\$4,389</u>
Fee Incentive/ Unit	\$0	(\$3,292)	(\$5,267)	(\$6,584)	(\$8,778)
<u>AFFORDABLE</u>					
Base Fee /SF	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Base Fee/ Unit (800 SF/ Unit)	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
% Units Subject to Fee	100%	75%	60%	50%	33%
Net Fees/ Unit	<u>\$3,200</u>	<u>\$2,400</u>	<u>\$1,920</u>	<u>\$1,600</u>	<u>\$1,067</u>
Fee Incentive/ Unit	(\$9,967)	(\$10,767)	(\$11,247)	(\$11,567)	(\$12,100)

WATER AND SEWER IMPACT FEE INCENTIVE/DEFERRAL

Water and Sewer Impact Fee Deferral Program is eligible for housing projects in the Downtown that are a minimum 3 floors dedicated to housing:

- **Option 1:** Deferral of water and wastewater demand fees for eligible projects until 75% of the residential units are occupied or for 6-months after final inspection, whichever is sooner.
- **Option 2:** Finance the water and wastewater fees for 5-years with interest.

Deferral provides an estimate of \$1,700 per unit incentive

Per Keyser Marston Associates Memo

PARK FEE INCENTIVE CRITERIA

In addition to the Downtown Residential Incentive Fee Program Criteria, the following *additional* criteria are applicable regarding Park Development Impact (PDI) Fees;

- All residential floors above the third floor are exempt from PDI fees in certain zones (CD-7 and/or CD -10)
- All residential floors above the second floor are exempt from PDI fees in certain zones (CD-5, TV-M, TV-R, R-3-18, and/or R-3-30)
- Residential definition requires at least 25% of gross floor area is habitable
- PDI reductions/credits for private open space may not be combined with Incentive Program applications

PARK FEE INCENTIVE OPTIONS/STATUS

- All qualifying affordable/inclusionary housing project PDI fees are reduced to \$2 per square foot
- All PDI fees collected from qualifying projects within the downtown are to be used within the downtown area
- The utilization of funds within the boundaries for downtown allows for the potential of development agreements
- A method for tracking funds from qualifying projects is in development

STATUS & NEXT STEPS

- Review of Fee Incentive resolutions has been added to the Council work plan for FY22-23
- Continue to monitor use of the fee incentives
- Continue to collect feedback
- Provide updates to the Downtown Subcommittee

QUESTIONS?