



# City of Stockton

## Legislation Text

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### **APPROVE THE INCLUSION OF AFFORDABLE HOUSING DEVELOPMENT INTO EXISTING GREATER DOWNTOWN STOCKTON RESIDENTIAL PUBLIC FACILITIES FEE (PFF) EXEMPTION PROGRAM**

#### RECOMMENDATION

It is recommended the City Council adopt a resolution to:

1. Authorize the inclusion of residential projects that are considered Affordable Housing developments to the existing Greater Downtown Stockton Public Facilities Fee Exemption Program.
2. Authorize the City Manager to take necessary and appropriate actions to carry out the purpose of this resolution.

#### Summary

On January 12, 2016, the Council approved PFF exemptions for residential projects within the "Greater Downtown Area" of Stockton, which will sunset on December 31, 2018.

To offer a greater competitive advantage and to stimulate additional affordable housing development, it is recommended that the PFF exemptions available under the "Greater Downtown Area" be extended to those projects that are defined as an affordable housing development citywide. If approved, the program will remain in effect through December 31, 2018, unless extended by the Council.

#### Background

On November 17, 2015, Council adopted the SESP under which applicants receive a reduction of certain fees for single family and multi-family permits (Attachment A). The program will remain in effect for three years from the adoption date and is capped at 1,000 single family permits and 500 multi-family units city-wide.

At the November 17 meeting, the Council also extended the current Commercial and Industrial fee reduction program, which will remain in effect until a new nexus study is completed and new Public Facilities Fees are adopted in conjunction with the General Plan update.

To encourage new residential infill development within the downtown area, the City Council adopted Resolution 2016-01-12-1260 on January 12, 2016, extending the "Greater Downtown Area" residential fee exemption program which provides exemptions of certain PFFs until December 31, 2018, unless extended by the City Council (Attachment B).

## Present Situation

To support the development of new affordable housing units locally, staff is proposing that the fee exemptions available through the “Greater Downtown Area” residential program be extended citywide for new development projects that create additional affordable housing units. Fees exempted under the program include:

- City Office Space
- Community Recreation Centers
- Libraries
- Police Stations
- Street Improvements
- Fire Stations
- Parkland

Under this initiative, affordable housing projects shall be defined as housing developments that include any residential project with a regulatory agreement recorded against the subject property which requires units be rented or sold to low-income persons. This definition also includes residential projects undertaken by the San Joaquin Housing Authority that create housing for low-income persons. Low-income households are defined as those with incomes at or below 80% of the area median income. “Area median income” means median income as periodically established by the Department of Housing and Community Development pursuant to Section 50093 of the Health and Safety Code. The developer shall provide sufficient legal commitments to ensure continued availability of units for very low or low-income households in accordance with the provisions of this subdivision for minimum of 20 years.

Adoption of this resolution will help ease up-front development costs associated with new single family and multi-family projects and help stimulate City-wide affordable housing development. The fee exemptions may also result in the City’s limited affordable housing funds being spread over more projects. Should Council approve the recommendation, the fee exemptions will remain in effect until December 31, 2018.

## FINANCIAL SUMMARY

It is estimated that permits will be issued for approximately 100 new affordable housing units by the end of December 2018, which would result in a loss of approximately \$1.5 to \$2 million in PFFs depending on the scope of the project(s). Taking action to reduce development impact fees is imperative to provide a competitive advantage over other communities thereby encouraging affordable housing development in Stockton.

Attachment A - Council Resolution 2015-11-17-1602

Attachment B - Council Resolution 2016-01-12-1206