

Development Impact Fees Reductions and Waivers for Beneficial Projects

June 18, 2019



Background

- Feb 6 1st reading of DIF ordinance
New DIFs approved (based on DIF Study)
Beneficial projects discussion begun
- Feb 19 2nd reading/adoption of DIF ordinance
- April 2 Beneficial projects discussion continued
- April 20 Effective date of DIF ordinance/fees

Background Cont'd

City Council Direction from April 2nd

- DIF Reductions Apply to All DIF Categories
- Beneficial Project Categories & Specific Reductions & Waivers
- Administrative Process

Background Cont'd

Remaining Discussion Items from April 2nd

- **Multi-Family housing**
- **Accessory Dwelling Units (ADUs)**

Discussion

Multi-family Housing

- Possible Incentives
 - Waived DIFs
 - Shared Public Improvements
 - Density Bonuses
 - Parking Reductions
 - Nonprofit Assistance
- Development Agreements

Discussion

	Monthly rent (2-person household)			Cost (lost rent)			
	Affordable	Market Rate	Difference	1-year deed	2-year deed	5-year deed	10-year deed
Extremely Low	\$477.75	2,400	1,922.25	23,067	46,134	115,335	230,670
Very Low	\$796.25	2,400	1,603.75	19,245	38,490	96,225	192,450
Low	\$1,274	2,400	1,126.00	13,512	27,024	67,560	135,120
Moderate	\$1,911	2,400	489.00	5,868	11,736	29,340	58,680

Discussion

ADUs

- Good Affordability Attributes
 - Lower Construction Costs
 - Limited Size & Location
- Supportive State Legislation
 - Govt. Code 65852.2 (ADUs)
 - SB 13

Discussion

Community Benefits of ADUs

- Affordability
- Infill Development
- Invisible Density
- Increased Property Value

Discussion

	Monthly rent (2-person household)			Cost (lost rent)			
	Affordable	Market Rate	Difference	1-year deed	2-year deed	5-year deed	10-year deed
Extremely Low	\$477.75	1,500	1,022.25	12,267	24,534	61,335	122,670
Very Low	\$796.25	1,500	703.75	8,445	16,890	42,225	84,450
Low	\$1,274	1,500	226.00	2,712	5,424	13,560	27,120
Moderate	\$1,911	1,500	-	-	-	-	-

Discussion

Example DIFs

Multi-family Apartment	\$30,500/Unit
ADU	\$22,000
SFD	\$36,000
Assisted Living	\$17,000/Unit
Small Residential Care Facility	\$13,000
Commercial Office (5,000 sq. ft.)	\$98,000
Industrial Building (5,000 sq. ft.)	\$58,000
Hotel (90 Rms)	\$742,000

Discussion

Incentives

- Rental Units & ADUs
 - Market Rent Analysis
 - Affordability Term
 - Market Will Decide
- Recommendation
 - 100% DIF Waiver for Affordability Deed Restrictions

Discussion

Tiered Incentive Structure

1. 100% DIF reduction for rental unit, including ADUs, that agrees to a restrictive covenant for affordability (low or below) for a period not less than ten years.
2. ADUs that are located within the footprint, but that do not have a restrictive covenant, will receive a 50% DIF reduction.
3. ADUs that change the footprint, but that do not have a restrictive covenant, will receive a 30% DIF reduction.
4. ADUs that are detached, but that do not have a restrictive covenant, will receive a 10% DIF reduction.

Discussion

Tenant Protections

- Affordability Disclosure
 - Landlord to disclose terms of affordable deed restriction
- DIF Deferral
 - DIF deferral that vests at end of deed restriction term

Discussion

Other Considerations

- Yearly Reporting of DIF Reductions
- Capping DIF Reductions/Waivers
- DIF Refunds

Recommendation

- A. Conclude discussion of categories of “beneficial projects” potentially eligible for Development Impact Fee (DIF) reductions or waivers and appropriate fee reductions by project category and provide direction to staff.

- B. Adopt Resolution No. 19-____, entitled “A Resolution of the City Council of the City of Goleta, California, Adopting a Development Impact Fee Reduction Program for Beneficial Projects” (Attachment 1).

Questions?

Efficiency Unit ADUs

- Separate Category in Section 3
- Draft Language:

Efficiency Unit ADUs shall receive a 100% DIF reduction