

2 [14-0788](#) Consideration of Housing Mitigation Fee Nexus Study Findings and Alternatives

This item was heard after agenda item 4.

Housing Officer Suzanne Isé gave a summary of the report and noted that the Housing Mitigation fee has been in place since 1983, was added to the Municipal Code in 2003, and was indexed to inflation by Council action in 2008. This fee generates the largest amount of revenue for the City's affordable housing programs. However, the fee rate has not significantly increased since the inception of the program.

She also noted that one of the unique aspects of Sunnyvale's Housing Mitigation fee is that it only applies to new development projects in industrial zones of the City. The goal of the nexus study is to determine an appropriate fee rate based on the amount of housing need generated by new job-creating developments, and how it might be applied more broadly to other commercial zones.

Chair Gilbert opened the public hearing at 8:05 p.m.

Councilmember Martin-Milius asked how the fee would be applied to mixed used projects. Staff explained that the current study does not get into that level of detail, however that is the type of detail that would be addressed in an ordinance implementing changes to the fee. Staff would most likely recommend taking a pro-rata approach based on the percentage of space dedicated to each use type in the structure, such as office or retail.

Chair Gilbert closed the public hearing at 8:07 p.m.

After additional discussion and clarifying questions of staff, Chair Gilbert asked for a motion.

Commissioner Chiu moved and Commissioner McCloud seconded the motion to approve Alternatives 1, 2, and 4: Recommend that Council expand the Housing Mitigation Fee to all net new square footage of all non-residential development projects, in any zone; recommend that Council consider adopting a fee of \$12 per square foot for office/industrial projects (\$6 per square foot for first 25,000 square feet), and \$6 per square foot for retail and lodging projects, both based on net increase in square footage and adjusted annually for inflation as part of the annual fee schedule adoption; and recommend that Council have the new fee apply to projects where a complete planning application is submitted after the effective date

of the fee. The motion carried by the following vote:

Yes: 5 - Chair Gilbert
Commissioner Chiu
Commissioner Evans
Commissioner McCloud
Commissioner Schmidt

No: 0

Absent: 2 - Vice Chair Jeong
Commissioner Sidhu