

## **SPECIFICATIONS/SCOPE OF SERVICES**

### **I. Introduction:**

The San Diego Housing Commission (“Commission”) was created in 1979 by City Council Ordinance No. 12515 to act as a housing commission pursuant to the Housing Authority Law of the State of California. The Commission is responsible for development of affordable housing; implementation of financing to promote affordable housing; management of publicly-owned or assisted housing developments; operation of rent subsidy programs; rehabilitation of existing housing stock; and advising the Housing Authority with respect to housing matters for the City of San Diego. Since its inception, the Commission’s efforts have resulted in more than 27,000 affordable housing units throughout the City.

### **II. Purpose:**

The San Diego Housing Commission is requesting proposals from qualified firms to conduct a review and update of the City of San Diego’s Housing Impact Fee Nexus Study. Research and analysis will be completed to validate the nexus between employment in various commercial buildings being developed or expanded and the resultant demand for housing in a number of income categories. The purpose of this Request is to solicit proposals and to establish the eligibility of firms to conduct such a study. The selection of the successful proposal will be made on the basis of specific qualifications relevant to the project, respondent’s expertise and proposed fee and time schedule. It is anticipated that a firm, fixed-price contract will be awarded, following evaluation of proposals and negotiation with the most qualified firm(s).

### **III. Background:**

The City of San Diego Housing Impact Fee ordinance can be found at Chapter 9, Article 8, Division 6 of the City’s Municipal Code. The current fee ranges from \$.27 to \$1.06/SF based on commercial development type.

The current fee amount was established through a nexus study performed in 1989 that identified the link between job production from commercial development types. The fee was then set at an amount equal to approximately 10% of that impact. In 1996, San Diego’s Housing Impact Fee was reduced by 50% to its current level to encourage additional economic development in the region. In December 2002, the City of San Diego City Manager convened an Affordable Housing Task Force, which was charged with looking at San Diego’s affordable housing crisis in a comprehensive manner and making recommendations for specific action the City Council could take to address the City’s housing issues. In June, 2003 the Nexus Study was updated and on July 31, 2008 the San Diego Housing Commission received a draft update to the 2003 study, which was not finalized or issued. On September 2, 2009, the City Council’s Land Use and Housing Committee recommended that the linkage fee be reviewed and evaluated, and on October 20, 2009, the City Council approved the Committee’s recommendation. All of the above referenced reports are available for review to interested parties.

**IV. Scope:**

- 1) Explain the nexus concept and discuss the following factors in relation to the nexus concept.
  - a) The multiplier effect of different job categories.
  - b) The relationship between job growth and population growth (vs. population growth resulting from non-employment factors.)
  - c) The likelihood, over the next five years, of different job categories to attract new population from outside the region.
  - d) The likelihood of different job categories in multiple-earner households over the next five years.
- 2) Validate the nexus between the development of various types of non-residential buildings and the housing needs of lower and moderate income employees whose jobs are produced or induced, directly or indirectly, by the development of such facilities. [Moderate income may be up to 120% of the Area Median Income (AMI) level set by the Department of Housing & Urban Development.]
- 3) Discuss whether the methodology used to establish the current linkage fee is relevant in today's economy.
  - a) If the current methodology is relevant in the current economy, complete an update to the study including consideration of prospective job growth. NOTE: The response to this RFP should include a brief description of how the analysis would be prepared and type of data that would be used to support the relevance of a linkage fee.
  - b) If there are determined to be flaws in the previously-used methodology, propose how such flaws could be addressed or corrected.
  - c) Using historical fee collection data provided by Housing Commission staff determine whether the linkage fee prevents construction from occurring in the City of San Diego; explain the reason(s) for prevention.
  - d) Determine the fee's impact on total development cost in San Diego, e.g., by what percentage are costs raised as a result of the fee and what impact may the timing of fee payment have?
  - e) Who bears the costs of the fee and under which circumstances: the developer, the user or the landowner?
  - f) Is there evidence that an increase in the linkage fee would encourage certain businesses to locate in other nearby jurisdictions which do not have a similar fee?
  - g) Recommend a method to gather and analyze data to determine the linkage fee's associated costs and benefits to the City of San Diego.
  - h) Recommend and discuss the relevance of an economic indicator for annual fee update.
- 4) Attend a stakeholder meeting following award of contract and attend public hearings to present information as necessary. It is anticipated that four (4) public hearings will be required. All meetings will take place in the City of San Diego.