

San Mateo County Multi-City Nexus and Feasibility Studies

Sujata Srivastava, Strategic Economics
Marian Wolfe, Vernazza Wolfe Associates, Inc.

Stakeholder Meeting

Foster City, CA
April 30, 2015

VWA

21 Elements RINA 5
STRATEGICECONOMICS

Consultant Team

 Sujata Srivastava
Strategic Economics
ssrivastava@strategieconomics.com

 Marian Wolfe
Vernazza Wolfe Associates, Inc.
mwolfe@vernazzawolfe.com

Today's Meeting

- Introduction to the Study
- Overview of Methodology/ Calculation of Fees
- Feasibility and Policy Considerations
- Project Schedule
- Q&A

Purpose of the Study

- Calculate new fees that mitigate the **impact of new development** on **demand for affordable housing** in San Mateo County

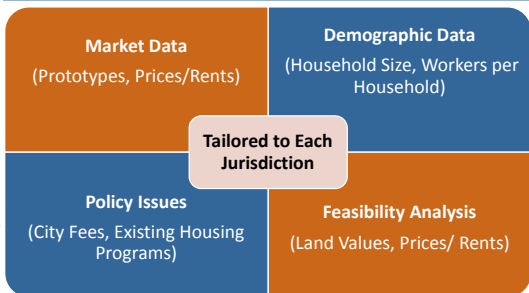


Conservative Approach

Conservative Inputs → Lower Fees

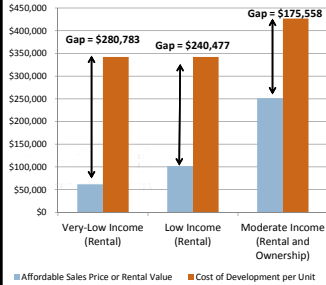
- Housing prices/ rents
- Employment density
- Only considers worker households
- Impacts limited to San Mateo County
- Affordability gap
- Feasibility analysis
- Recommended fees are lower than maximum nexus fees**

Customized to Each Jurisdiction



Housing Affordability Gap

Average Affordability Gap by Income Group, San Mateo County

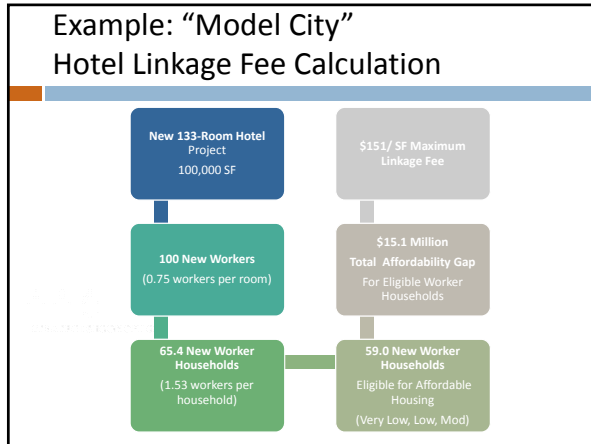


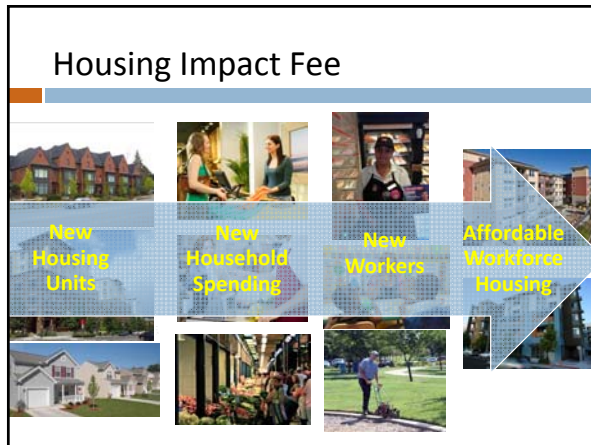
The **affordability gap** is the difference between what households can **afford to buy or rent**, and the **cost of building a new unit** (ownership or rental)

Commercial Linkage Fee

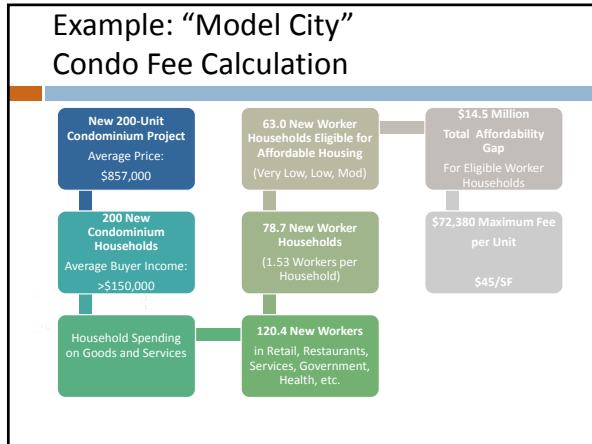
Commercial Linkage Fee: Steps of the Nexus Analysis

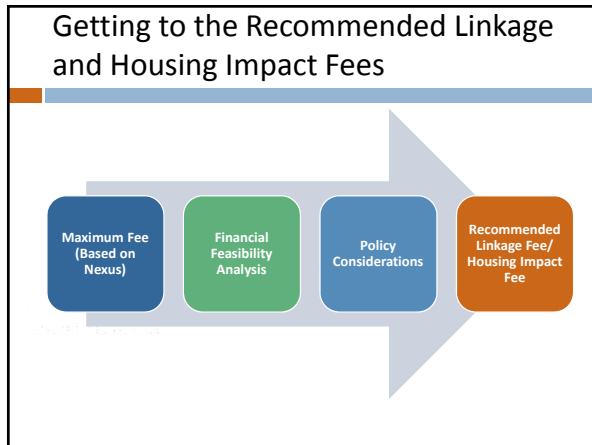
1. Define the prototypes (types of commercial development likely to occur):
 - Hotel
 - Retail/Restaurants/Services
 - Office/R&D/Medical Office
2. Estimate number of workers occupying each prototype
3. Estimate number of new households formed
4. Estimate wages and household income of new households
5. Calculate number of worker households eligible for affordable housing (very low, low, and moderate)
6. Estimate total affordability gap of households
7. Calculate the maximum linkage fees

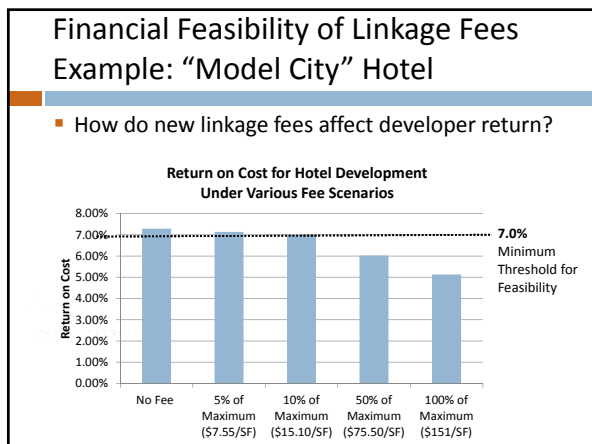




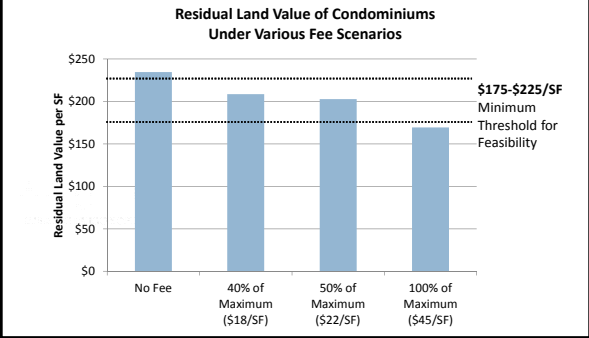
- ### Housing Impact Fee: Steps of the Nexus Analysis
1. Define the prototypes (types of housing development likely to occur)
 - Single-Family Detached
 - Condominium
 - Townhouse
 - Apartment
 2. Estimate household income of buyers and renters
 3. Estimate the economic impact of buyers and renters, including jobs and wages linked to their spending (IMPLAN)
 4. Estimate number of new worker households and annual household incomes
 5. Calculate number of worker households eligible for affordable housing (very low, low, and moderate)
 6. Estimate affordability gap of households
 7. Calculate the maximum housing impact fees for each prototype



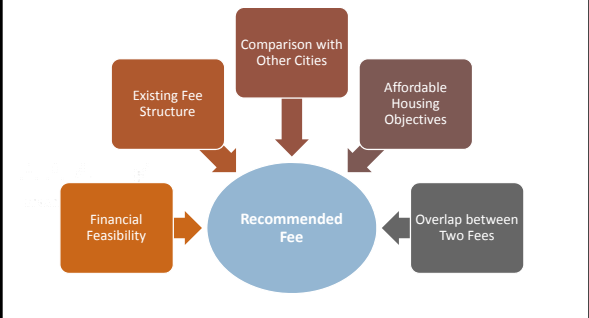




Financial Feasibility of Housing Impact Fees
Example: "Model City" Condominiums



Other Policy Considerations



"Model City"
Potential Linkage Fees per SF

Prototype	Maximum Nexus Fee	Potential Linkage Fee	% of Maximum Fee
Hotel	\$151/ SF	\$15.07/ SF	10%
Retail/ Restaurants / Services	\$262/ SF	\$13.10/ SF	5%
Office/ R&D/ Medical Office	\$227/ SF	\$22.75/ SF	10%

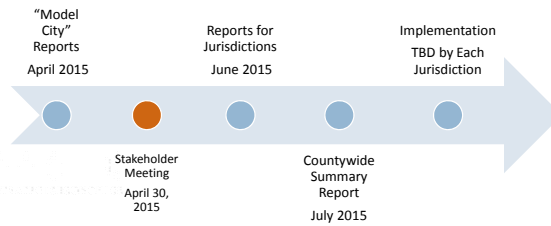
“Model City” Potential Housing Impact Fees

Prototype	Maximum Nexus Fee (per SF)	Potential Housing Impact Fee	% of Maximum Fee
Condominium	\$45	\$18	40%
Apartments	\$80	\$32	40%

Use of Nexus Fees

- Applies only to the prototypes established
- Workforce housing only
- Can be used to create (or augment) housing trust funds – either countywide or for an individual jurisdiction

Project Schedule



Q & A

Follow-up Questions and Comments by May 15 to:
 Josh Abrams, Baird + Driskell Community Planning
 abrams@bdplanning.com

Consultant Team



Sujata Srivastava
 Strategic Economics
 sssrivastava@strategieconomics.com



Marian Wolfe
 Vernazza Wolfe Associates, Inc.
 mwolfe@vernazzawolfe.com

List of Participating Cities

- Belmont
- Brisbane
- Burlingame
- Colma
- Foster City
- Half Moon Bay
- Menlo Park
- Millbrae
- Redwood City
- Pacifica
- Portola Valley
- San Bruno
- San Mateo County
- San Mateo (City)
- South San Francisco
- Palo Alto
