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# COMMERCIAL LINKAGE AND INCLUSIONARY FEE STUDIES

Town of Fairfax Town Council

June 7, 2023

# Purpose

- To promote affordable housing
- Regional effort
  - Corte Madera
  - Fairfax
  - Larkspur
  - San Anselmo
  - San Rafael
  - Sausalito
  - Unincorporated County
- Implement affordable housing tools
  - Inclusionary Zoning
  - Commercial Linkage Fees

# Process

- Consultants hired to conduct studies
  - Strategic Economics
  - Vernazza Wolfe Associates
- Assembly Bill 602 funding
- Stakeholder Meetings

# Benefits

- Increased supply of affordable housing available to lower-income and moderate-income households.
- Greater opportunity for low-income renters and homeowners
- Decrease economic and racial segregation
- Create healthier, mixed-income communities.

# Policies

- Housing Element Compliance
- Inclusionary Housing
- Commercial Linkage Fees

# Inclusionary Housing

## Existing On-site Set-Asides for Housing

Jurisdiction	Rental	For-Sale
Corte Madera		25% (10% MOD, 10% LI, 5% VLI)
Fairfax		None
Larkspur	5-19 units: 15%; 20+ units: 20% (half VLI, half LI)	5-14 units: 15% 15+ units: 20% (half LI, half mod)
San Anselmo		None
San Rafael		2-15 units: 10% LI; 16+ units: 10-15% (At 15%, higher share of units are MOD)
Sausalito	Commercial districts: 20% (LI) Other areas: 15% (MOD)	Commercial districts: 20% (MOD) Other areas: 15% (MOD)
Unincorporated County	20% (VLI)	20% (LI)

# Inclusionary Housing

## Developer Forum

- **Preference for transparency, consistency in policy about affordable rent/sales price levels**
  - Preference for clear income and rent targets in policy rather than ranges where final income and rent targets subject to discretionary review
  - “Simple is better”
- **Rental policy:** preference for three broad project size groups with more stringent requirements for larger projects
  - (<10 units, 11-29 units, 30+ units )
- **For-sale policy:** preference for shift to in-lieu fee focus and higher AMI targets
  - Preference to shift to in-lieu fee focus to fund 100% affordable rental projects
  - Would accept on-site inclusionary requirement with higher AMIs than existing policies
  - Challenges in administering BMR for-sale units related to qualifying buyers, identifying HOA costs, very low turnover
- **Other feedback**
  - Positive response to new San Rafael policy
  - Interest in ensuring policy lines up with state density bonus (aligning rent targets, allowing developers to provide deeper affordability)

# Proposed Commercial Linkage Fees

- Uniform Policy Elements
  - Office - \$10 SF
  - Retail/Restaurant - \$8 up to 2500 SF, \$10 for 2501+ SF
  - Hotel - \$5 SF
  - Other – Calculate allowable fees using Excel-based calculator created by project consultants.

MAXIMUM COMMERCIAL LINKAGE FEE CALCULATOR				
Enter Sq. Ft. of Gross Building Area:			Maximum Commercial Linkage Fee:	\$5,146,478
50,000				\$102.93 per sq. ft.
Job Title	Number of Jobs	Annual Wage per Job	Average Annual Household Income	Income Category
Executive	10	\$200,000	\$320,000	Above 120% AMI
Assistant	5	\$50,000	\$80,000	Low Income (51-80% AMI)
Manager	7	\$75,000	\$120,000	Moderate Income (81-120% AMI)
Administrative Support	10	\$35,000	\$56,000	Very Low Income (31-50% AMI)



# Next Steps

- The study and policy adoption deadline has been extended by HCD. The new date for submitting reimbursements is September 30, 2023.
- To meet this, the County requests all jurisdictions to adopt Inclusionary and Commercial Linkage Fee studies and policies no later than June 30, 2023.
- Staff is asking Council's direction to prepare the Inclusionary Housing and Commercial Linkage Fees Ordinance

# Recommendation

- Conduct a public hearing to consider the affordable housing in-lieu fee and commercial linkage fee studies
- Move to adopt the draft Resolution approving the studies
- Direct Staff to return to Council with an Inclusionary Affordable Housing Ordinance, Program, and related impact fees

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Questions?