

San Diego Ups Development Fees; Estimates \$8M-\$10M in Additional Funds for Affordable Housing

The city has collected the housing impact fee—about 1.5 percent of the overall development cost—since 1990, but it was cut in half in 1996 and has not been adjusted since.

Posted by [Michelle Mowad](#) (Editor) , December 11, 2013 at 12:08 PM

The San Diego City Council voted 5-4 Tuesday to increase over two years the fee the city charges developers and uses to develop affordable housing.

The city has collected the housing impact fee—about 1.5 percent of the overall development cost—since 1990, but it was cut in half in 1996 and has not been adjusted since.

The City Council, voting along party lines, agreed today to phase in an increase, starting/ July 1, that would let the fee to return to about 1.5 percent of a project's cost.

Starting in 2017, the San Diego Housing Commission would adjust the formula annually.

Housing impact fees are based in part on the type of development and its square footage. And a report by the city's Independent Budget Analyst said letting the fee rise to pre-1996 levels could cost developers of industrial and manufacturing sites of at least 100,000 square feet up to 377 percent more. Developers of warehouses or storage businesses the same size could pay up to 744 percent, the report said.

Housing Commission staffers estimated the increases would result in \$8 million to \$10 million in additional funds for affordable housing.

Companies that bring mostly high-paying jobs to San Diego would be eligible to apply for exemptions, according to an earlier staff report to the council.

—*City News Service*