



Good Neighbors

San Diego
Housing Commission

REPORT

DATE: For the Agenda of October 20, 2000

REPORT NO.: HCR 00-067 Supplemental ITEM 101

SUBJECT: Request by Congregation Beth Israel of San Diego for a Variance From Payment of the City's Housing Impact Fee (Continued From June 30, 2000) (Council District 1)

SUMMARY

Issue: Should the Housing Commission grant a request from the Congregation Beth Israel of San Diego for a Low Employee Density Variance and conditional relief of the City's Housing Impact Fee of \$41,661.44 assessed on a new facility to be located at 9001 Towne Center Drive?

Modified Recommendation: It is recommended that the Housing Commission reduce the fee by an additional \$1,880.92 to \$21,363.92 under the provisions of the Housing Trust Fund Ordinance.

Fiscal Impact: The Housing Impact Fee applicable to this project was calculated to be \$41,661.44. Approval of this recommendation will result in a refund of \$20,297.52 in Housing Impact Fees.

Previous Related Action: The Housing Commission heard this item on June 30, 2000 and voted to continue the item to a future meeting. At that time, the staff recommendation was for a fee reduction of \$18,417.28.

BACKGROUND

At its meeting of June 30, 2000 the Housing Commission heard public testimony from proponents of Congregation Beth Israel who expressed a desire to return to the Facilities Finance Division of the City's Neighborhood



A state agency authorized by the City of San Diego

Services Department for additional consideration of their request for relief of the Housing Impact Fee.

DISCUSSION

Housing Commission staff and Facilities Finance personnel have conferred with representatives of Congregation Beth Israel to re-examine the assessment of the Housing Linkage Fee on the new construction project located at 9001 Towne Center Drive. In the course of these discussions, new information emerged for consideration.

- The site, which will include a sanctuary, school buildings, and administrative space, also includes an apartment for the building superintendent. This residential space (760 square feet) would not be subject to a Housing Impact Fee. The fee for this space was calculated at \$0.64 per square foot, or \$468.40.
- A volunteer effort, identified as "the hunger project" relates to none of the employees but accounts for 707 square feet of storage (or a fee of \$452.48).
- As stated in the initial Report, space dedicated for part-time use had been identified to include sanctuary and chapel space (28,777 square feet). However, this category could also include classrooms identified for part-time use (1,499 square feet @ \$959.36) as expressed in "Alternative Three" of the original Report.

Subtracting these items from the calculation of the Fee would have the following impact:

Original Fee Calculation	\$41,661.44
Minus original recommendation	(18,417.28)
Minus items identified in this Report	<u>(1,880.24)</u>
Equals a fee of	\$21,363.92

At the Commission meeting of June 30, 2000, Congregation Beth Israel representatives expressed the opinion that moving the Congregation's operation from one site to another should exempt the new site from the Housing Linkage Fee. Because the Housing Impact Fee relates to the planned usage of each individual site as it is developed and because the vacated site is still available for use, staff has found no precedent or

rationale to support the Congregation's contention. Resolution of any fee for the former site will come about when its future use is determined.

In addition, the Congregation asked Facilities Finance staff to parcel the project and consider each room on the basis of its intended use by employees. For example, a hallway would account for space but would not have employees assigned to it and therefore would not be subject to a Housing Impact Fee. This approach to calculating the Fee is not appropriate because the nexus study that provides the rationale for the fee takes into account space needed for general purposes (i.e., hallways, restrooms, closets) for all type of use (retail, school, warehouse, research and development, etc.). Fees are based on the average space usage rates for categories of use.

To summarize, staff recommends reducing the Housing Impact Fee for the Congregation Beth Israel project to account for residential space, space that receives only occasional use (sanctuary and chapel space) and space that is used on a part-time basis by volunteers (instead of employees).

A copy of the Low Employee Density Variance Application is attached. In accordance with the Housing Trust Fund Ordinance, the variance application fee was waived because Congregation Beth Israel is a nonprofit corporation.

Any variance or reduction of Impact Fee granted on the basis of low employee density expires on the conversion of the building space to another use. As a condition of this fee reduction, Congregation Beth Israel would be required to:

- Inform the Housing Commission if the use of the sanctuary/chapel space or religious classroom space changes from what has been represented on this application or the number of employees (full-time equivalents) increases due to a change in use of this space; and
- Acknowledge that a Housing Impact Fee equivalent to what was calculated but waived is due and payable upon the addition of employees due to conversion of "occasional use" space to other purposes.

Alternatives

1. Deny the request for variance. Congregation Beth Israel would be subject to the calculated fee of \$41,661.44

2. Grant a variance for the full fee. This approach is not warranted because the school and administrative space are intended for full-time use by a complement of full-time equivalent employees.

3. Reduce the Impact Fee to \$23,244.16 as recommended in HCR00-067. This alternative would disregard the items discussed in this Supplemental Report.

Submitted by,

Patricia Duplechan
Director, Housing Programs

Approved by,

Carrol M. Vaughan
Chief of Staff

**Signature on File
With Original Document**

Attachments:

1. Application for Variance
2. HCR00-067

FISHER:VAR01ahc