

# Affordable Housing Linkage Fee Nexus Study

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## **PORTLAND HOUSING BUREAU**

Dan Saltzman, Commissioner  
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# Affordable Housing Linkage Fees

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- Commercial, industrial, and residential development create **jobs along the wage spectrum**
- A portion of jobs created by new development may compensate **wages that are too low-paying** for the new employee **to afford market rate housing**, creating an increased demand for affordable housing

# Affordable Housing Linkage Fees

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- **For example:**
  - New office building in the Central City with a ground floor deli
  - Wages at the deli = \$9.25 per hour
  - Annual wages full time deli employee = \$19,240
  - Average rent for an apartment in the Central City might cost \$1,400 per month, or \$16,800 per year (*87% of annual wages*)

# Affordable Housing Linkage Fees

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Affordable housing linkage fees capture revenue from new development in a manner that:

- Does not render the development economically infeasible
- Provides municipal governments resources to produce and manage the affordable housing demanded as a result of the new jobs created

# Linkage Fee Nexus Study

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- An economic and **market analysis of development** that has occurred and is likely to occur in a given local market, and the **new jobs created as a result** of this development
- What **proportion of jobs** in new development will likely **compensate wages** that are **too low-paying** for the new employee **to afford market rate housing**
- What level of **fee would provide revenue** for the newly **demandable affordable housing**, while not rendering development economically infeasible

# Linkage Fees in Other Jurisdictions

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- Linkage fee implementation structure varies:
  - Phased approach to implementation
  - Tiered fee structures
  - Minimum square footage requirements
  - Various exemptions (*e.g., manufacturing, warehouses, etc.*)
  - Timing of fee payment in the development process

# Linkage Fees in Other Jurisdictions

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- Boston fee: \$7.87 per square foot
- Sacramento fee: \$0.27 to \$0.99 per square foot
- San Diego fee: \$1.28 to \$2.12 per square foot
- San Francisco fee: \$16 to \$24 per square foot
- San Jose fee: \$17 per square foot
- Seattle proposal: \$5 to \$22 per square foot

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