CITY OF SAN MATEO
COMMUNITY DEVELOPMENT DEPARTMENT

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COMMERCIAL LINKAGE FEE

The **Commercial Linkage Fee** is a fee assessed to new non-residential construction such as office, hotel, medical, retail and restaurants, based on the principle that these new spaces will increase the number of workers, which creates a demand for housing. The fees collected are then to be used to support the creation or preservation of affordable housing to assist the workers who will make lower or moderate wages and cannot afford the current housing market prices. The Fee was adopted by Ordinance No. 2016-8 and can be found at Chapter 23.61 of the San Mateo Municipal Code.

Fee Applicability:
The Commercial Linkage Fee applies to nonresidential projects, including new construction and conversion of residential space to nonresidential use, and shall be calculated using the gross floor area of net new commercial space, excluding structured parking. The first 5,000 of net new commercial space is exempt. The Fee is paid at the time the building permit is issued.

The Fee is calculated on a square foot basis of net new gross floor area based on the following categories:

- Hotel
- Retail, Restaurant, Service
- Office, Medical, Research and Development

Exemptions:
The following uses are exempt from the Fee:

- Schools, places of public assembly, recreational facilities, hospitals, cultural institutions, childcare facilities, nursing homes, rest homes, residential care facilities, and skilled nursing facilities
- Property used exclusively for governmental or educational purposes.
- Projects used for a charitable purpose on property eligible for the California Property Tax Welfare Exemption.
- Replacement of structure destroyed by fire or other calamity

Alternatives to Fee:
Developers may propose an alternative to the fee to provide housing units or land by submitting an Affordable Housing Plan.

1) Provision of Below Market Units Constructed Onsite
   - Submit Affordable Housing Plan to demonstrate number of units based on the ratios below.
   - Proposal shall be included in Planning Application package

Required Affordable Units Per 100,000 SF in Nonresidential Project	
	Low Income
Office/ R&D/Medical	8
Retail/Restaurant/Services	1
Hotel	3

2) Alternate Mitigation Proposal
   - Submit Affordable Housing Plan to propose alternatives such as offsite construction, donation of land, purchase of existing units for conversion to affordable units, etc.
   - Proposal shall be included in Planning Application package
   - Approving Body shall review proposal to ensure the affordable units comply with the City's Below Market Rate Program including that the affordable units are available at time of occupancy of project, and that the units will mitigate the need for affordable housing.

Standard Wage Participation Agreement
A project is eligible for a 25% discount on the Commercial Linkage Fee if the developer agrees to enter into a Standard Wage Participation Agreement that provides that all employees performing construction work for the project shall be paid not less than the Area Standard Wage or prevailing wage as determined and published the California Dept. of Industrial Relations. The discount will be in the form of a rebate. The developer shall initially pay the entire fee at issuance of Building Permit and submit a request for the 25% rebate at the time of occupancy.

Revised: December 15, 2016