

Fw: CED April 22, 2024 Agenda, item (d) 5: "Development Fee Framework Status Report" and an "analysis of the Parks Development Impact Fee Study."

Agendadesk <Agendadesk@sanjoseca.gov>

Fri 4/19/2024 2:17 PM

 1 attachments (662 KB)

DevelopmentFeeFramework-2024Apr19.pdf;

From: City Clerk <city.clerk@sanjoseca.gov>

Sent: Friday, April 19, 2024 2:15 PM

To: Agendadesk <Agendadesk@sanjoseca.gov>

Subject: FW: CED April 22, 2024 Agenda, item (d) 5: "Development Fee Framework Status Report" and an "analysis of the Parks Development Impact Fee Study."

From: [REDACTED]

Sent: Friday, April 19, 2024 2:12 PM

To: District9 <district9@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>

Cc: The Office of Mayor Matt Mahan <mayor@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>; Maguire, Jennifer <jennifer.maguire@sanjoseca.gov>; Quevedo, Matthew <Matthew.Quevedo@sanjoseca.gov>; Mossing, Mackenzie <Mackenzie.Mossing@sanjoseca.gov>

Subject: CED April 22, 2024 Agenda, item (d) 5: "Development Fee Framework Status Report" and an "analysis of the Parks Development Impact Fee Study."

[External Email]

[REDACTED]

Dear Committee Members,

Attached please find a letter regarding your consideration of the Development Fee Framework Status Report this coming Monday, and the implications for city parks.

Please contact us if we can answer any questions.

Thank you,

~Larry Ames
on behalf of many San Jose residents and park supporters.

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Community and Economic Development Committee:

Councilmembers Pam Foley (Chair), Omar Torres, Rosemary Kamei, Peter Ortiz, and Arjun Batra
200 E. Santa Clara St., San José CA 95113

via email, sent 4/19/24

re: CED April 22, 2024 Agenda, item (d) 5: "Development Fee Framework Status Report"
and an "analysis of the Parks Development Impact Fee Study."

Dear Committee Members,

We, the undersigned, are San Jose residents who care about parks. For years, we have served on various neighborhood-, city-, and county commissions, task forces, boards and associations. We speak as individuals: we sign our organization names only for the purpose of identification.

We welcome this opportunity to comment on the status report for the Development Fee Framework. We appreciate Staff's efforts to simplify and combine a multitude of fees, and acknowledge the goal to make the fee structure more transparent for the development community. ***We are concerned about the possible impacts that this fee restructuring might have on the funding for our city's park system.***

The city park system, including capital improvement and a portion of department staffing, is funded primarily from two sources: the Construction and Conveyance (C&C) tax and the Park Trust Fund. The Park Trust Fund reflects the State's Quimby act, which establishes a minimum level of service – the number of acres of new parkland per thousands of new residents, with the flexibility of allowing developers to pay in-lieu fees, or provide fully-constructed "turnkey" parks, or receive credit for private recreation amenities, or other creative solutions (e.g., the St. James Park District). We do not see how a Unified Fee Structure is compatible with these creative alternatives.

We have some questions:

The Development Fee Framework Report says that the Staff Working Group agreed to ***two changes***: 1) conversion from a per-dwelling basis to square footage, 2) using the Inclusionary Housing Ordinance (IHO) zone map for fee levels. What modeling has been done to confirm that park fees are not reduced by these changes? How will this analysis be shared with the Park Fee Study task force and other stakeholder groups?

The word "feasibility" is used several times and appears to reference different analysis. There appears to be a "Financing Feasibility Study/Cost of Construction" which is separate from a "feasibility analysis" of changes to the Park Trust Fund framework, ie new zone maps and square footage. Please clarify the difference between these studies and how they each will be used? Will other departments conduct a "feasibility analysis" of the possible changes to their fee structures?

Automatic fee increases using a unified index are suggested in the report. How will a unified index allow Park Trust Fund fees to maintain a relationship with the ordinance and General Plan specified acreage goals? We note that the land survey basis for the Park Trust Fund fees has not been increased since 2017 even though the ordinance calls for annual increases based on land values in each zone. How will the park feasibility study referenced on page 6 address alternate scenarios to reach ordinance specified fee levels?

A Parks **Commercial Impact Fee** was discussed at CED in November 2022 to support existing facilities and the impact from non-residential development. How could it be administered under this proposed Fee Framework? Would it be better managed outside this framework?

The **Park Fee Study Task Force** is a group comprised of developers, park and housing advocates, and council appointed residents. Staff trained the Task Force to understand the complexity of impact fees and nexus studies. They met 12 times over two years to explore alternative and more equitable Park Trust Fund nexus studies. The Citizen Task Force requested comparisons between the city's current structure and various alternatives. When will these trained task force members be recalled to service to provide input on the analysis of the square footage and mapping changes?

Construction and Conveyance (C&C) taxes provide significant resources to the Parks Capital Improvement Budget as well as to staffing and policy work. Over \$8M is allocated to the Parks and Community Facilities Development office accounting for over 29 FTEs and portions of senior executive staff salaries. This memo to CED references construction taxes only. Why aren't conveyance taxes discussed? Aren't condos and townhomes sold, ie conveyed? Which of the construction taxes are covered by this framework? All of them?

After the changes to the square footage and mapping changes are analyzed, will a broad group of **stakeholders** be provided with a written report that they may comment upon?

The staff report mentions the **Citizen Task Force Park Fee study** was written and internally circulated to this Staff Working Group on the Fee Framework. When will this study be made public and discussed by 1) the Citizen Task Force and 2) interested community stakeholders?

The memo mentions that this Development Fee framework is being developed in alignment with concerns about the **Cost of Residential Development**, which the Century Urban analysis of Oct 2023 showed was infeasible. Community stakeholders were asked in February 2024 to comment on the potential extension of the Downtown Highrise Incentive—even though the Century Urban study showed all development is infeasible. Stakeholders complained that they felt blindsided by this “out of the blue” meeting. How could staff utilize the trained Park Fee Citizen Task Force to provide more robust feedback? How could staff provide education to this task force and other stakeholders on financing feasibility and major market indicators?

Summary

Based on our current understanding of the Development Fee Framework, the change of Park Fees to square footage and the new mapping *might* be acceptable pending a complete analysis. A commitment to an annual fee adjustment would be welcome. We do not see how a Park Trust Fee could be integrated into a uniform fee while still retaining the creative alternatives that developers have preferred. We are concerned that staff is developing this program without taking advantage of the trained Park Fee Study Task Force to gain a range of community input.

We look forward to robust conversation about our concerns and questions.

Thank you.

Larry Ames

District 6 Neighborhood Leaders Group (Chair); SJ Parks & Rec Commission (Vice Chair)

Jean Dresden

Founder, SJ Parks Advocates

Bob Levy

Santa Clara County Planning Commissioner; Former San Jose and Santa Clara County Parks Commissioner

Rudy Flores

Past Chair, San Jose Parks and Recreation Commission; President, Dartmouth Neighborhood Association; founding member of the D-9 Leadership Group; Two-time recipient of San Jose Community honoree award; Community Hero of the 28th Assembly District.

Daphna Woolfe

President of Winchester Orchard Neighborhood Association, District 1 Leadership Member, District 1 Parks Commissioner

Gloria Chun Hoo

Former San Jose Planning Commissioner

Jeanette Marsala

Member, Parkland Dedication and Impact Fee Study Task Force

Doris Livezey

President Murdock Neighborhood Association, member of Adopt a Park

Jennifer Roberts

Thousand Oaks Conservancy Project

Michael Bertram

Member North San Jose Task Force, Member Parks Fee Study Task Force

Kirk Vartan

Founder, A Slice of New York - worker cooperative, Co-founder of Catalyze SV

Co-chair of the Stevens Creek Advisory Group, President, Winchester Neighborhood Action

Coalition, 2016 Local Hero Award, Senate D10, 2018 Community Honoree, City of San Jose

2021 Community Impact Award, Silicon Valley Business Journal

April Halberstadt

Historian and Preservationist

Former Chairman, Santa Clara County Historic Heritage Commission

San Jose All District Leadership Group
Council Districts
D1 - D2 - D3 - D4 - D5 - D6 - D7 - D8 - D9 - D10
San Jose, California

Community and Economic Development Committee
Councilmembers Foley (Chair), Torres, Kamei, Ortiz, and Batra
200 E. Santa Clara St., San José CA 95113
via email, sent 4/18/24

re: CED Committee's April 22nd Agenda, item (d) 5: "Development Fee Framework Status Report" and the "consideration of the analysis of the Parks Development Impact Fee Study."

Dear Committee Members,

The San Jose All District Leadership Group (SJADLG) is a consortium of the leadership of the active San Jose leadership groups. The purpose of the SJADLG is to strengthen two-way communication between neighborhoods and government agencies and representatives and build a stronger sense of community within all Districts in the City of San Jose.

Parks are important to us! They profoundly impact the quality of life for our residents.

Parks depend almost exclusively on only two sources of funding, Construction and Conveyance (C&C) Taxes and the Park Trust Fund, for all major maintenance and repairs. Our members report missing playgrounds and damaged basketball courts; some neighborhoods don't even have a park nearby.

We have a number of concerns and questions regarding the Fee Framework Report you are receiving: it boasts of benefits to the development community, but what are the benefits to the residents?

The discussion of changes to the fee collection system heightens our concerns about the City's commitment to its park system:

- Will this Fee Framework lead to a single fee? Who will manage this fee? Will the fee be fairly distributed to the various departments (e.g., Parks, Transportation, Planning, etc.) by a fixed and transparent process, or will Council be free to allocate fees differently each year?
- Will the proposed changes to the fee framework be evaluated against the current set of fees? Will the proposal result in even less funding for park maintenance? Will an analysis of predicted changes be reported to the community in advance of Council adoption?
- Page 6 of the Report discusses a draft Parks Development Fee Study Report: when will it be made public? Will the report contain an analysis of how the infrastructure backlog and equity concerns will be addressed? Will a Parks Commercial Impact Fee be included? Now that the Housing Element is complete, when will the feasibility analysis be complete? What public outreach is planned? When will the Park Commission review it?

We are concerned that this new Development Fee Framework could be a precursor to lowering or eliminating fees to developers: developers are always pressing for reductions in fees.

However, as the report notes,

On October 26, 2023, the City Council held a study session on the Report on the Cost of Residential Development. That report demonstrated the current extremely challenging economic conditions that are stalling new residential construction. This includes high interest rates, high labor costs, and high materials costs.

The construction market is cyclical and presently is in a predictable slump, and a change in the Park Trust Fund fee or the C&C Tax will not make or break a project's financial feasibility — they are too small relative to the overall size of the projects. Fees to us residents are climbing annually; developers should pay their fair share.

We support our parks and our residents' quality of life. We look forward to Council and Staff bringing forward proposals that will address our deteriorating park system.

Thank you,

Greg Peck
Chair, San Jose All District Leadership Group

District 1 – Gary Cunningham
District 2 – John Leipelt
District 3 – Joan Rivas-Cosby
District 4 – Linda Locke
District 5 – Juan Estrada
District 6 – Bill Rankin
District 7 – Alie Victorine
District 8 – Pat Waite
District 9 – Bobbi Pena-Atak
District 10 – David Heindel

Cc: Councilmembers, City Clerk, City Manager