

Community and Economic Development Committee

Council Priority #9: Commercial Linkage Fee for Affordable Housing

November 18, 2019

Item d3

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Project Background and Current Status



March 12, 2019 Council Direction

- Consider including high tech office, single user office, retail, industrial, hotel, and office as commercial building types.
- Conduct sensitivity analysis of the impact of potential shifts in development costs and income on the feasibility of fees for different types of non-residential development.
- Ensure that the City's outreach plan includes developers, employers and other stakeholders.
- Bring back the final study results and policy proposals to Council no later than January 2020, or as soon as possible, for consideration.

RFP Results

- RFP issued in June 2019
- Received qualifying proposals from three consultants
- Awarded contract to Keyser Marston Associates

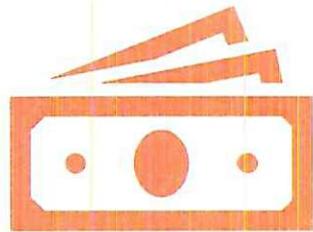
Project Scope

- Development Prototype and Geographic Subarea Selection
- Nexus Study
- Feasibility Study
- Fee Comparison and Policy Options
- Meetings and Outreach

Nexus and Feasibility Study Proposed Prototypes and Geographic Subareas



Nexus Study Purpose



**Establishes Maximum Commercial
Linkage Fee Levels**



**Addresses Legal Requirement to
Implement a Commercial Linkage Fee**

Proposed Building Types: Nexus Study

Retail

Office

High-Tech Office

Hotel

Industrial

Warehouse

Research and Development

Residential Care / Assisted Living

Objectives

1. Cover range of non-residential development potentially subject to fee
2. Address major distinctions in employment density and occupation

Feasibility Study Purpose

- Evaluate Feasibility of Representative Projects
- Inform Selection of Fees at Feasible Level
- Calibrate by Building Type and Geographic Area



Proposed Building Types: Feasibility Study

Office / R&D: 1-2 stories

Office / R&D: mid-rise

Office - high-rise

Office - high-tech owner / user

Retail - neighborhood or com center

Hotel - mid-rise

Light Industrial / R&D

Warehouse / Distribution

Objectives

1. Focus on most common development types
2. Address differences in development cost and feasibility
3. Include development types of specific interest

Proposed Geographic Subareas

Downtown and Vicinity

Edenvale

North San Jose and Vicinity

West San Jose Urban Village

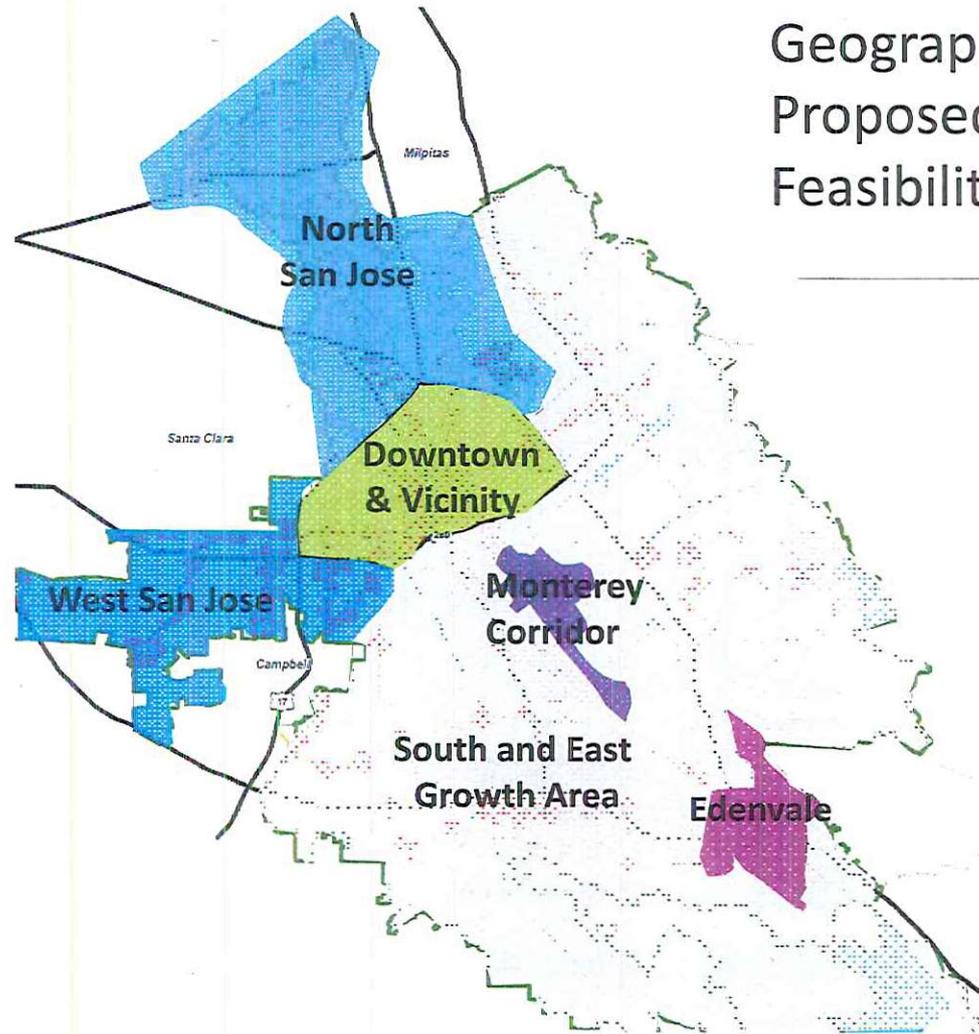
Monterey Corridor

South and East San Jose Growth Area

Address Differences in

1. Market Conditions
2. Typical Development Types
3. Land Costs
4. City Fees

Geographic Subareas Proposed to be Addressed in Feasibility Analysis



Building Type / Subarea Combinations Proposed for Analysis

| | Downtown and Vicinity | North San Jose and Vicinity | West San Jose Urban Village | Edenvale | Monterey Corridor | South & East San Jose Growth Area |
|---|-----------------------------|-----------------------------------|-----------------------------------|----------|----------------------|---|
| Office/R&D – 1-2 stories | | X | | X | | X |
| Office/R&D - mid-rise | X | X | X | | | |
| Office - high-rise | X | | | | | |
| Office - high-tech owner / user | X | X | X | | | |
| Retail - Neighborhood or Community Retail Center | | X | X | X | | X |
| Hotel - mid-rise | X | X | X | X | | |
| Light Industrial / R&D | | X | | X | X | |
| Warehouse / Distribution | | X | | X | X | |

Timeline and Next Steps



Timeline

| Timeframe | Task |
|---------------------|---|
| November 2019 | Draft development prototypes and geographic sub-areas. Stakeholder outreach on proposed prototypes. |
| December 2019 | Nexus and feasibility draft technical analysis submittal |
| January 2020 | Admin draft nexus and feasibility reports |
| February 2020 | Public Review Draft Report |
| February-March 2020 | Public Outreach Meetings on Public Draft |
| April 2020 | Final Draft Report |
| April 2020 | City Council Meeting |

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