



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Mayor Sam Liccardo

**SUBJECT:** Clarifying Infrastructure Fee  
Cap

**DATE:** 6/15/20

**APPROVED:**

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## **RECOMMENDATION**

1. Accept staff recommendation to cap the Diridon Basic Infrastructure Impact Fee with the following revision and clarifications:
  - a. Revise the staff recommendation to state that there will be no imposition of new infrastructure fees until after January 1, 2023. This does not apply to a Commercial Linkage Fee, which will be addressed separately.
  - b. Clarify that the fee cap applies to all building permits, including foundation, as is the current practice.
  - c. Clarify that the Diridon Basic Infrastructure Impact Fee is subject to an increase (in geography, and in the amount up to the cap) before 2023. However, any changes would go through the normal community engagement process, which includes a review of the required nexus and feasibility study.

## **DISCUSSION**

Due to the historically unprecedented impacts of COVID-19 on construction lending and the longer-term unknowns in the commercial office real estate market, it is critical for the City of San Jose to provide clarity and a degree of certainty to builders wherever possible.

The staff memo provides the rationale for capping the amount of any future infrastructure fee, which is formally acknowledged in the “Conditions of Approval” for newly approved or pipeline projects. However, the staff report led to confusion and concern about what fees are being contemplated, and when and to whom they would apply.

These clarifications are intended to provide reassurance to builders who have been reeling during this severe crisis.