

# *Economic Recovery Temporary Fee Cap*

*June 16, 2020  
Item 8.4*

# 2019 Diridon Infrastructure Fee

## Current Fee Structure

- Retail: \$4.08 per square foot
- Office: \$6.10 per square foot
- Hotel: \$2,931 per hotel room
- Residential: \$2,735 per unit
- Potential Additional Fees and Potential Boundary Expansion

# Existing Open-Ended Fee Cap

“Permittee further agrees that prior to the issuance of any building permit, the project shall be subject to, fully participate in, and pay any and all charges, fees, assessments, or taxes included in any City Council approved financing plans.”

# Ensure Developer Awareness of Council Direction to:

- Study and bring recommendation for Commercial Linkage Fee (CLF)
- Study and bring recommendation for potential additional Diridon Infrastructure Financing

# Staff Recommendation

Until Jan. 2023, Temporary Cap on Increase to Diridon Infrastructure Fee, or New Infrastructure Fee

- Retail/Industrial: \$8.16 per square foot
- Office/R&D: \$12.20 per square foot
- Hotel: \$5,862 per room
- Residential: 5,470 per unit

# Fee Cap Recommendation

- Does not apply to existing fee programs (e.g., NSJ, Edenvale, Park Impact Fee, Storm Drainage Fee)
- Does not apply to a potential Commercial Linkage Fee
- Does not require Council to raise or add fees

Staff plans to bring a CLF Recommendation to Council on August 25<sup>th</sup>, but plans no other new fees at this time

# COVID-19/Recession Impacts

## Providing Certainty/Staff Recommendation

- Providing a Fee Cap instead of an open-ended permit condition will allow applicants and lenders to know the potential upper end of project costs and secure financing.
- Driving major construction projects during the health emergency and recession will create construction jobs, permanent jobs and revenue.