



COUNCIL AGENDA: 9/1/20
FILE: 20-969
ITEM: 8.2

Memorandum

TO: CITY COUNCIL

FROM: Councilmember Sylvia Arenas
District 8

SUBJECT: SEE BELOW

DATE: September 1, 2020

Approved

Date

Sylvia Arenas

9/1/2020

SUBJECT: COMMERCIAL LINKAGE IMPACT FEE

RECOMMENDATION

1. To ensure no fee exceeds the feasible rate in their geographic zone, limit or waive any Commercial Linkage Fees that exceed the “supportable fee levels by prototype and geography based on the pro forma analysis”.¹
2. Direct the City Manager to include geographic regions similar to those included in the current Feasibility Analysis in the next feasibility study.

BACKGROUND

A Commercial Linkage Fee has long been discussed at Council as another tool to meet the demand for more affordable housing created by the influx of new jobs added through commercial development. I thank staff for their hard work in advancing this item forward, and their dedication to bringing it forward to council – despite the hurdles.

There is, of course, a balance that we must strike between adding enough fees to adequately fund the affordable housing that we desperately need, while not discouraging commercial development across our city. It’s for this reason that we underwent a feasibility study that took into account the various viability of fees across our diverse city landscape.

While I support making adjustments while we recover from a global pandemic, we must also base our accommodations on the data provided by the feasibility study – which clearly demonstrates the variability of fee rates that are feasible in different parts of San Jose. What is feasible in West San Jose is not feasible on the East Side. What is feasible in North San Jose is not necessarily feasible in Edenvale.

¹ As established in Table 4-14, on page 45 of the Feasibility Analysis.

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What is most clear is the infeasibility of any fee on the east and south sides of San José. As council considers lowering fees city wide to ensure construction is feasible citywide – it also doesn't make sense to have any fee rate exceed the known feasibility of a geographic region, as studied in the feasibility study.

Simply – no region of San Jose should be charged a rate that is **HIGHER** than the feasibility study says was feasible in the strong economic pre-covid.

I thank staff for presenting the findings of the nexus study and the feasibility study, along with their recommendations, and ask that Council not apply a broad brush when implementing a long-awaited Commercial Linkage Fee so that underdeveloped areas of the eastside and southside of San José have a fighting-chance to grow during our time of recovery.