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# Multi-Family Residential Production Council District 4 Online Community Meeting

Monday, October 28, 2024  
6:30 – 8:00 p.m.

Zoom Meeting ID: 973 2667 0446

Passcode: 001778

Dial by your location: +1 408 638 0968 US (San Jose)

*City of San José*



# Introductions

## Councilmember Cohen

- Acting Chief of Staff, Mara Privitt- [mara.privitt@sanjoseca.gov](mailto:mara.privitt@sanjoseca.gov)

## Office of Economic Development and Cultural Affairs

- Deputy Director, Blage Zelalich - [blage.zelalich@sanjoseca.gov](mailto:blage.zelalich@sanjoseca.gov)

## Parks, Recreation and Neighborhood Services

- Supervising Planner IV, Rebekah Ross - [rebekah.ross@sanjoseca.gov](mailto:rebekah.ross@sanjoseca.gov)

# Agenda

## Opening Remarks - Councilmember Cohen

- Welcome and why we're meeting

## Office of Economic Development and Cultural Affairs

- Initiative background
- Multi-Family Residential Incentive considerations and proposal

## Parks, Recreation and Neighborhood Services

- Fee adjustment for multi-family units in North San Jose
- Residential projects in the pipeline and associated park fees
- Montague & Seely Park updates
- Council District 4 park needs

## Next steps

## Closing Remarks - Councilmember Cohen

# Background

No market-rate projects have started construction in the current calendar year.

3,464 market rate housing units are needed to be produced annually to meet Regional Housing Needs Allocation/General Plan Housing Element.

On June 18, 2024, the San Jose City Council directed staff to return with recommendations to unblock multi-family housing production for projects that:

- Have a planning application deemed complete by June 2022
- Are in Growth Areas outside of Downtown

This universe is 36 projects: 7,313 market-rate units and 2,685 affordable units.  
Total of 9,998 units

City Council also directed staff to explore:

- Changes to the North San Jose Park Impact Fees for multi-family housing, including additional affordable housing credits
- Providing additional credits for Privately Owned Publicly Accessible Open Space in projects located in North San Jose

# Program Considerations

- Careful consideration needed given City's multiple objectives.
- Significant concerns to weigh against the need to spur multi-family housing production:
  - Reduction in construction taxes for transportation projects and staffing
  - Reduction of funds needed to match other public and private sector grants
  - Continued waiver of funding and support to produce affordable housing
  - Loss of funds for park development/improvements and deferred infrastructure & maintenance
- Administration's objective is to balance reduction of City added costs while still maintaining support for transportation, affordable housing and parks-related commitments.

# Current Staff Thinking

PARAMETER	CURRENT OBLIGATION	PROGRAM CONCEPT
DENSITY/ HOUSING TYPE	N/A	Portions of multi-family projects with 50+DU/acre
GEOGRAPHY	N/A	Construction Tax and IHO in-lieu fee – Designated Growth Areas throughout the City with one exception.  Parks Fee – All projects in MLS 7B
CONSTRUCTION TAXES	Tax rate based on project valuation	Up to 50% reduction of CRMP & B&S
INCLUSIONARY HOUSING	<u>STRONG MARKET</u> : \$49.99 SQ. FT. <u>OR</u> 5% OF UNITS AT 100% AMI AND \$21.74 <u>MODERATE MARKET</u> : \$21.74 SQ. FT. <u>OR</u> 5% OF UNITS AT 100% AMI AND \$13.80	\$0 in-lieu fee and 5% of units at up to 100% Area Median Income (AMI)
PARKS FEES	MLS 7B Parks Fee = \$41,600/unit. Parks fees in all other areas of the City range from \$8,000 - \$22,600/unit ( <i>private recreation credits and affordable housing credits available</i> )	Realign North San Jose MLS 7B obligation for all market rate units down to next highest area fee - \$22,600 until future overhaul of entire fee program ( <i>private recreation credits and affordable housing credits will still apply</i> )
TIMING OF PAYMENT	N/A	At Certificate of Occupancy or three (3) years from the date the Building Permit is issued, whichever is sooner.
PROGRAM HORIZON	N/A	Expiration of valid entitlement – Max of 4 years from initial entitlement for projects with project applications deemed completed by June 2022.

# Park Impact Fees

Residential housing builders are required to dedicate land to the City to offset the impact new growth has on existing facilities and to meet the need to provide new parks, trails, and community centers.

To meet this obligation, a developer can:

- Build a new park, trail, or community center
- Improve an existing facility
- Pay a development park impact fee; or
- Provide a combination of these options

Park impact fees provide one the highest sources of funding to support park projects.

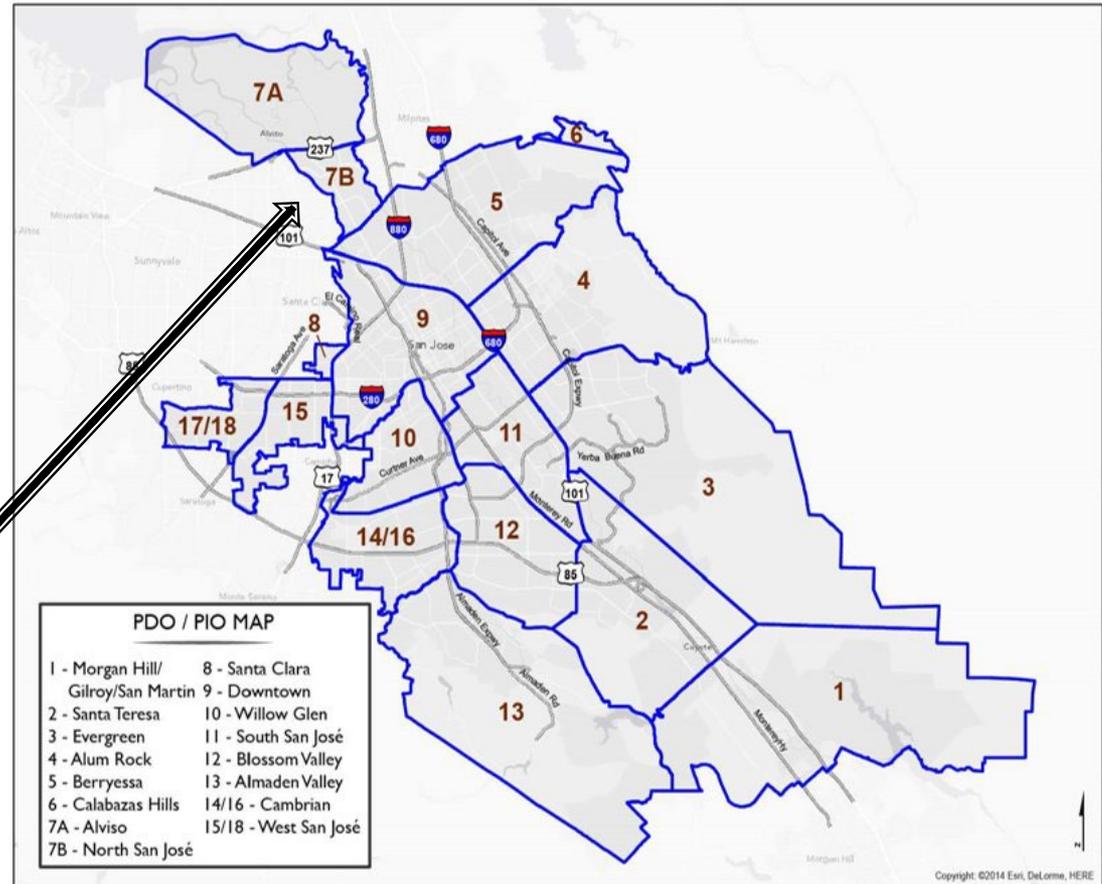
The City has not raised its Park Fees since 2017.

# Park Fee Calculation

## Citywide Multiple Listing Service (MLS) Districts

- MLS is a real estate data base of for sale properties.
- MLS land values set the base of the park impact fee (land value X number of people in dwelling units = In Lieu Fee)

- Area MLS 7B is the North San Jose area





# MLS 7B/North San Jose

- Fees are very high in MLS 7B/North San Jose - \$41,600 per multi-family unit
- Elsewhere, the fees range between \$8,000 (Alviso) – \$22,600 (Downtown) per multi-family unit

## Adopted Park Impact Fees

MLS ZONE	AREA COVERED	100% OF COST/ SQUARE FOOT	FEE PER UNIT						
			SINGLE FAMILY DETACHED	SINGLE FAMILY ATTACHED	MULTI-FAMILY 2-4 UNITS	MULTI-FAMILY 5+	TEMPORARY HIGHRISE FEE (10 stories or more in Downtown)	SINGLE RESIDENCY OCCUPANCY UNIT (SRO)	SECONDARY RESIDENTIAL UNIT (Granny Unit) Maximum of 800 sq feet
<i>Number of Persons Per Unit - 2010 Census Data; ACS; Survey</i>			3.31	3.31	2.96	2.34	1.51	1.00	50% of SRO
<i>Number of Dwelling Units to create 1 acre of Raw Parkland</i>			100.7	100.7	112.6	142.5	220.8	333.3	n/a
1 & 2	SANTA TERESA	\$ 34.00	\$ 14,700	\$ 14,700	\$ 13,200	\$ 10,400		\$ 4,400	\$ 2,200
3	EVERGREEN	\$ 43.00	\$ 18,600	\$ 18,600	\$ 16,600	\$ 13,100		\$ 5,600	\$ 2,800
4	ALUM ROCK	\$ 30.00	\$ 13,000	\$ 13,000	\$ 11,600	\$ 9,200		\$ 3,900	\$ 1,950
5 & 6	BERRYESSA	\$ 45.00	\$ 19,500	\$ 19,500	\$ 17,400	\$ 13,800		\$ 5,900	\$ 2,950
7A	ALVISO (North of 237)	\$ 26.00	\$ 11,200	\$ 11,200	\$ 10,100	\$ 8,000		\$ 3,400	\$ 1,700
7B	NORTH SAN JOSE (So. of 237)	\$ 136.00	\$ 58,800	\$ 58,800	\$ 52,600	\$ 41,600		\$ 17,800	\$ 8,900
8	SANTA CLARA	\$ 37.00	\$ 16,000	\$ 16,000	\$ 14,300	\$ 11,300		\$ 4,800	\$ 2,400
9	DOWNTOWN	\$ 74.00	\$ 32,000	\$ 32,000	\$ 28,600	\$ 22,600	\$ 7,300	\$ 9,700	\$ 4,850
10	WILLOW GLEN	\$ 68.00	\$ 29,400	\$ 29,400	\$ 26,300	\$ 20,800		\$ 8,900	\$ 4,450
11	SOUTH SAN JOSE	\$ 30.00	\$ 13,000	\$ 13,000	\$ 11,600	\$ 9,200		\$ 3,900	\$ 1,950
12	BLOSSOM VALLEY	\$ 34.00	\$ 14,700	\$ 14,700	\$ 13,200	\$ 10,400		\$ 4,400	\$ 2,200
13	ALMADEN VALLEY	\$ 40.00	\$ 17,300	\$ 17,300	\$ 15,500	\$ 12,200		\$ 5,200	\$ 2,600
14 & 16	CAMBRIAN	\$ 35.00	\$ 15,100	\$ 15,100	\$ 13,500	\$ 10,700		\$ 4,600	\$ 2,300
15	CAMPBELL	\$ 65.00	\$ 27,300	\$ 27,300	\$ 24,400	\$ 19,300		\$ 8,200	\$ 4,100
17 & 18	CUPERTINO	\$ 63.00	\$ 27,300	\$ 27,300	\$ 24,400	\$ 19,300		\$ 8,200	\$ 4,100

# Residential Projects in North San Jose

## Existing Fee Estimates

Project	Gross Fee	*Fee Adjusted for Affordable Housing Credits	**Fee Adjusted for Private Recreation Credits	Adjusted Net Fee <i>(gross fee minus credits)</i>
Montague & Seely	\$63,844,000	\$58,996,000	\$37,024,993	\$25,724,993 <i>(includes \$11.3M Park)</i>
211-281 River Oaks Parkway	\$30,703,200	\$27,999,200	\$20,999,400	\$20,999,400
2830 North 1st Street***	\$20,467,200	\$17,721,600	\$13,291,200	\$13,291,200
71 Vista Montana	\$18,533,600	\$9,297,600	\$6,973,200	\$6,973,200
2611-2635 North 1st Street	\$5,422,700	\$4,784,000	\$3,588,000	\$3,588,000
210 Baypointe Parkway <i>(no affordable housing units)</i>	\$14,616,800	\$14,616,800	\$10,962,600	\$10,962,600
<b>TOTAL</b>	<b>\$153,647,500</b>			<b>\$81,539,393</b>

\*Includes existing 50% Affordable Fee Reduction for projects with affordable units. 210 Baypointe Parkway has zero affordable units.

\*\*Includes 25% private rec credit assumption for all projects, except Montague & Seely, which uses actual numbers for private recreation, land dedication & existing unit credit.

\*\*\*2830 North 1st Street, also known as the "Boston Properties" project, only reflects Phase 1 of the project since only that has been submitted to the City for review.

# Residential Projects in North San Jose

## Re-aligned Fee Rate

Project	*Gross Fee	**Fee Adjusted for Affordable Housing Credits	***Fee Adjusted for Private Recreation Credits	Adjusted Net Fee <i>(gross minus credits)</i>
Montague & Seely	\$63,844,000	\$36,186,500	\$22,664,630	\$11,364,630 <i>(\$11.3M Park)</i>
211- 281 River Oaks Parkway	\$30,703,200	\$15,307,200	\$11,480,400	\$11,480,400
2830 North 1st Street****	\$20,467,200	\$9,627,600	\$7,220,700	\$7,220,700
71 Vista Montana	\$18,533,600	\$5,051,100	\$3,788,325	\$3,788,325
2611-2635 North 1st Street	\$5,422,700	\$2,599,000	\$1,949,250	\$1,949,250
210 Baypointe Parkway	\$14,616,800	\$9,068,800	\$6,801,600	\$6,801,600
<b>TOTAL</b>	<b>\$153,647,500</b>			<b>\$42,604,905</b>

\* Intent: Align MLS 7B MFA5+ Rate with the next highest MFA5+ fee rate, which is \$22,600 per unit in MLS 9 (Downtown). Equals a 45.67% reduction.

\*\*Includes proposed \$22,600/unit MFA5+ fee rate for all projects & existing 50% Affordable Fee Reduction for projects with affordable units

\*\*\*Includes 25% private rec credit assumption for all projects, except Montague & Seely, which uses actual numbers for private recreation, land dedication & existing unit credit.

\*\*\*\*2830 North 1st Street, also known as the "Boston Properties" project, only reflects Phase 1 of the project since only that has been submitted to the City for review.

# Montague & Seely Park

The Parks and Recreation Commission supported the Park Master Plan and to name the park, “Eiichi Edward Sakauye Park”.

The City is evaluating if the historic home can be in History Park.

\$11.3M Design and Construction Budget

The budget is anticipated to increase to include historic references in the park and feedback received from R.O.N.A.

The City Council will consider adopting the Master Plan and name in early 2025 along with a Parkland Agreement.



# Montague & Seely Parkland Obligation

- Overall obligation is to dedicate 10.76 acres of land.
- Met by dedication of a fully improved 2.5-acre public park and payment of remaining park fees.

## Existing Fee Rate (\$41,600 per unit)

Gross Parkland Impact In-Lieu Fee	\$63,884,000
Affordable Housing 50% Fee Reduction (235 units: 178 low income & 57 moderate)	\$4,888,000
Adjusted Parkland Impact In-Lieu Fee	\$58,996,000
Existing Housing Credit (2 existing units)	\$117,600
Land Dedication Credit (2.5 acres of land)	\$13,679,813
Private Recreation Credit (65,067 square feet of private rec)	\$8,173,594
Design and Construction Budget *To be increased to include historic features	\$11,300,000
Net Parkland Impact In-Lieu Fee	\$25,724,993

## Proposed Fee Rate (\$22,600 per unit)

Gross Parkland Impact In-Lieu Fee	\$38,842,000
Affordable Housing 50% Fee Reduction (235 units: 178 low income & 57 moderate)	\$2,655,500
Adjusted Parkland Impact In-Lieu Fee	\$36,186,500
Existing Housing Credit (2 existing units)	\$117,600
Land Dedication Credit (2.5 acres of land)	\$8,390,816
Private Recreation Credit (65,067 square feet of private rec)	\$5,013,455
Design and Construction Budget *To be increased to include historic features	\$11,300,000
Net Parkland Impact In-Lieu Fee	\$11,364,630

# North San Jose Top Three Park & Trail Needs

Site/Project		Revenue Needed
<b>Agnews</b>	Demo, Remediation, Master Plan, Design and Construction <ul style="list-style-type: none"> <li>• Demolition/Remediation \$21K</li> <li>• Grading \$216k</li> <li>• Hydroseeding \$67k</li> </ul> Total Demolition and Remediation \$21M	\$70,000,000
<b>Baypointe Park</b>	Masterplan, Design and construction	\$6,000,000
<b>Bay Trail</b>	Master Plan, Design and construction *City is seeking grants to supports costs	\$13,000,000
		<b>\$89,000,000</b>

# Next Steps

Finalize Staff's recommendation

Additional Stakeholder communication

City Council consideration in 2024

# Comments from Councilmember Cohen

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# Q & A

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# Contact Us

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