

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein
Jacky Morales-Ferrand

**SUBJECT: COMMERCIAL LINKAGE FEE
STATUS UPDATE**

DATE: July 31, 2020

Approved

Date

INFORMATION

The purpose of this memorandum is to provide an update on the status of the Commercial Linkage Fee project. The feasibility study is now complete and available for public review.

The feasibility study assesses the economic effects of potential commercial linkage fees and provides context materials to support selection of fee levels for a new commercial linkage fee program for the City of San José. The study uses a real estate pro forma analysis to evaluate the economics of a range of prototype non-residential projects and their ability to sustain a new commercial linkage fee while still attracting the debt and equity investment necessary to move forward.

Based upon both studies, an analysis of public policy considerations, and feedback from stakeholders, staff will formulate recommendations which will be released as part of the staff memorandum to Council on August 14. Staff will bring the Commercial Linkage Fee forward for Council consideration on August 25, 2020. A project schedule is provided below.

Milestone	Timeframe
Public Meeting	August 6, 2020
Housing Advocates Roundtable Meeting	August 7, 2020
Developer Roundtable Meeting	August 11, 2020
Staff Recommendation Released	August 14, 2020
City Council Meeting	August 25, 2020
Effective Date of Ordinance	October 15, 2020
Effective Date of Fee Resolution	November 14, 2020

Public outreach includes focus group meetings with stakeholders and a public meeting. The public meeting link will be available on our business page and the City of San José social media platforms. The item will go before the City Council for action on August 25, 2020. To enact a

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fee, the Council will be asked to consider approving both an ordinance and a fee resolution. The ordinance would establish the fee while the resolution would set the fee amount.

/s/
NANCI KLEIN
Director
Economic Development

/s/
JACKY MORALES-FERRAND
Director
Housing Department

For questions and any public meeting information, please contact Karina Alvarez, Senior Executive Analyst, at karina.alvarez@sanjoseca.gov.

Attachment