



PARKLAND FEES

Developer Perspective



VALUE

BUILT ENVIRONMENT

Thoughtfully planned and maintained cities are valuable to all parties

OUTDOOR SPACE & PARKS

Assets to community mental health and well being

BALANCE

Development must be financially viable while cost of product supported by the market (cost of living & rent)

SYMBIOTIC RELATIONSHIP

Development supports a city and the funds that keep it thriving, (fees supporting city staff, property taxes)

COST & RISK

CONSTRUCTION

Land, Labor Costs, Escalation, Soft Costs, Insurance, Permits, Inspections

FINANCING

Equity partners seek minimum returns and evaluate deals across the country

FEES

Park fees are one of many expensive impact fees. Cumulatively this is a big cost

RISK

Market volatility, unknowns of construction

“Even though rents are outrageous, the cost of construction is even more outrageous”

- Michael Brilliot, Deputy Planning Director, San Jose, September 13, 2021, Mercury News

<https://www.mercurynews.com/2021/09/13/why-some-say-san-joses-urban-village-strategy-for-growth-is-driving-development-away/>

OBJECTIVES AND SOLUTIONS

OPPORTUNITY

Development momentum in San Jose should be capitalized, but not taken advantage

SIMPLICITY

Standardize fees to facilitate underwriting and foster development

HOUSING

In 2018, the City of San José set a goal to build 25,000 new units of housing by 2023: 15,000 market rate and 10,000; only 7,681 market rate units have received Building Permits. Of the 10,000 affordable units promised, only 1,710 received Building Permits- **Housing Crisis Work Plan Prioritized Items Status Report 5/23/22 Community and Economic Development Committee



SUMMARY

- A healthy city now and into the future requires thoughtful planning
- Fees and Taxes across the entirety of a project need to strike a balance with the return on investment for a project to be viable
- There are synergies between development and city health and stability.
- Incentives to development along with market conditions need to be considered to foster the private/public symbiotic relationship with a long-term view