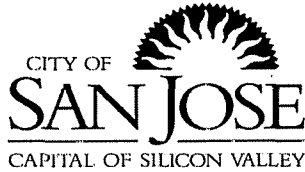


SUPPLEMENTAL



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko
Joseph Horwedel

SUBJECT: SEE BELOW

DATE: November 30, 2006

Approved

Deanna Jahn

Date

11/30/06

COUNCIL DISTRICT: City-Wide

SNI AREA: N/A

SUBJECT: EXTENSION OF THE SECONDARY RESIDENTIAL UNIT PILOT PROGRAM AND CONTINUATION OF THE PARK IMPACT FEE SUSPENSION- SUPPLEMENTAL REPORT

REASON FOR SUPPLEMENTAL

This supplemental report is being provided to clarify that the recommendation to extend the secondary unit pilot program until June 30, 2007, also includes the continued suspension of Park Impact Fees.

RECOMMENDATION

It is recommended that the City Council approve the ordinance that extends the Secondary Unit Pilot Program to June 30, 2007, and that also would continue the suspension of the collection of Park Impact fees required by Chapter 14.25 of the San Jose Municipal Code for the same timeframe, for a maximum of 100 new units under the current program.

BACKGROUND

On March 14, 2006, the Mayor and City Council approved the suspension of park impact fees for the duration of the secondary unit pilot program. Park Impact Fees are assessed when new housing is constructed throughout the City of San José. These fees are assessed for the construction of single-family homes, duplexes, and multi-family housing. Currently, units affordable to low-income households are exempt from paying Park Impact Fees.

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Subject: Continuation of the Suspension of the Park Impact Fees for Secondary Units

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The Park Impact Fee for a new residential unit is established by the City Council. It is based on a formula derived from State law (the Quimby Act), and is calculated differently depending upon the number of units in the development, the persons per household (which is based on U.S. Census data for the number of persons per dwelling type), and the location of the development within the City.

The cost of developing a secondary unit can vary greatly, depending on the choice of materials and amenities. Roughly, construction costs are estimated between \$76,000 to \$100,000. In addition to the construction cost, the following table provides an estimate of the fees and taxes that are being assessed for a 600 sq. ft. detached secondary unit. The figure below of \$4,851.55 does not include the Park Impact Fee, which is assessed in addition to this amount.

<u>Type of Fee</u>	<u>Cost based on a 600 Sq. Ft. Detached Unit</u>
Planning Second Unit Clearance	\$ 250.00
General Plan Update	\$ 13.00
Building Permit	\$ 522.90
Electrical Permit	\$ 174.30
Mechanical Permit	\$ 171.86
Building Plan Check	\$ 697.00
Plumbing Permit	\$ 174.30
Record Retention	\$ 104.34
Building Permit Processing	\$ 27.50
Plumbing Permit Processing	\$ 27.50
Mechanical Permit Processing	\$ 27.50
Electrical Permit Processing	\$ 27.50
CDDD (Construction Demolition and Diversion Deposit)	\$ 696.00
Building & Structure Tax	\$ 623.70
Construction Tax	\$ 150.00
CRMP (Commercial Residential Mobile Home Park) Tax	\$ 980.10
Residential Construction Tax	\$ 180.00
SMIPA (Strong Motion Instrumentation Program Assessment)	\$ 4.05
	<u>\$ 4,851.55</u>

Therefore, given the high cost of constructing secondary units, the Administration would recommend suspending the fees not only to encourage development, but also allow continuity of the pilot program and maintain consistency with data collection.

HONORABLE MAYOR AND CITY COUNCIL

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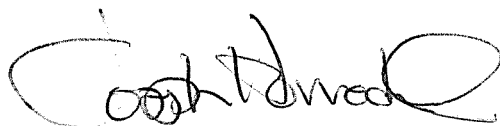
COORDINATION

This memo has been coordinated with the City Attorney's Office and the Department of Parks, Recreation and Neighborhood Services.

CEQA

Not a project.


LESLYE KRUTKO
Director of Housing


JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

For questions please contact Melissa Whatley, Housing Policy and Planning Manager at (408) 975-4418