

October 5, 2006

The Honorable Mayor and City Council
200 East Santa Clara Street
San Jose, CA 95113

**RE: PDO/PIO LANGUAGE AMENDMENTS AND IN-LIEU FEE ADJUSTMENTS
CITY COUNCIL AGENDA 10/24**

Dear Honorable Mayor and City Council:

At the Housing Advisory Commission meeting on September 14, 2006, the Commission discussed the alternatives and base recommendations regarding the Parkland Dedication/Impact Ordinances and associated fee resolution. The information below summarizes the HAC's positions regarding these issues.

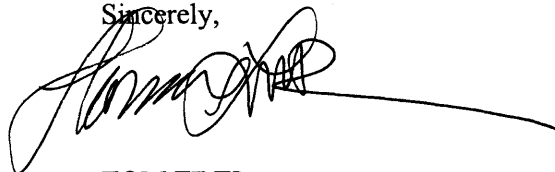
HAC's positions on Parkland Dedication/Impact Ordinances and associated fee resolution:

- The HAC expressed unanimous support for Alternative #4, which would adjust fees to 100% of 2005 land values.
- Base Recommendation No. 3: The HAC supports the alternative proposed by the San Jose Downtown Association, which would require high-rise projects to pay 50% of in-lieu fees up-front and 50% when the certificate of occupancy is issued.
- Base Recommendation No. 7: The HAC unanimously supports the continuation of the exemption for low-income and very-low income units (including extremely low-income units) and recommends that for-profit developers be allowed to benefit from this exemption.
- Base Recommendation No. 13: The HAC recommends that private recreation credits for projects over five stories, be limited to a maximum of 30% of credits going towards private recreation.
- The HAC unanimously supported all of the other base recommendations not listed above.

As mentioned above, the HAC unanimously voted to recommend that the Mayor and City Council support Alternative #4, which would adjust in-lieu fees to 100% of 2005 land values. The Commission was pleased to see that staff is recommending that low-income and very-low income units continue to be exempted from PDO/PIO fees (Base Recommendation 7). The Commission believes it is very important to demonstrate the City's commitment to building affordable housing by removing the barriers created by such fees.

We appreciate your attention to our recommendation. Please do not hesitate to contact me if you have any questions.

Sincerely,



TOM FINK
Housing Advisory Commission, Chair