

8.1 - Scape

Downtown High-Rise Tax/Fee Waiver

October 25, 2022
City of San Jose

Office of Economic Development
and Cultural Affairs

Nanci Klein, Director

Jerad Ferguson, Housing Catalyst



| Current Downtown Residential High-Rise Program

- Approved November 2019 by City Council
 - Followed receipt of analysis that demonstrated a typical high-rise residential development in Downtown was not financially feasible.
- Fifty percent (50%) reduction in the Building and Structure Construction Tax (B&S) and the Commercial-Residential-Mobile Home-Park Building Tax (CRMP)
- Reduction to \$0 the Inclusionary Housing Ordinance (IHO) In-Lieu Fee

Scape

- 23-Story high-rise located at 10 East Reed Street
- 336 market-rate rental units
- 5,323 sq. ft. of ground floor retail



NORTHEAST PERSPECTIVE FROM E. REED STREET AND S. SECOND STREET



STREET PERSPECTIVE LOOKING ACROSS E. REED STREET AT RESIDENTIAL LOBBY ENTRANCE

| Summary of Tax and Fee Waiver

50% Reduction of CRMP & B&S	\$1,012,585
Inclusionary Housing (IHO) In Lieu Fee	\$8,844,000
Total Value of Tax & IHO Reduction	\$9,856,585

| Estimated One-Time Revenue:

- Construction Taxes: \$1,116,355
- Parkland In Lieu Fees: \$4,905,600
- *School District Fees: \$197,292*

Total one-time City revenue:	\$6,021,955
Total one-time revenue	\$6,219,247

| Estimated Recurring Annual Revenue:

- City Property Tax: \$ 233,100
- City Utility User Tax: \$119,225
- City Business Tax: \$7,736
- City Sales and Transaction Tax: \$5,323
- *County Property Tax: \$299,700*
- *School District Property Tax: \$732,600*

Total City recurring revenue:	\$365,384
Total recurring revenue:	\$1,397,684

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