



CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479
GENERAL INFORMATION: 408-586-3000, www.ci.milpitas.ca.gov

11/19/2019
Agenda Item No. 11



REVISED ATTACHMENT RELATED TO AGENDA ITEM AFTER AGENDA PACKET DISTRIBUTION





THE CORE companies
Building Better Communities™

November 19, 2019

City Clerk's Office
NOV 18 2019
RECEIVED

Honorable Mayor and City Council
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035

Dear Mayor and Members of the City Council,

I represent The Core Companies and we are the developers of the 220-unit multifamily project located at 1380-1400 South Main Street. I am writing regarding the proposed Transit Area Specific Plan (TASP) fee increase that was considered during the October 1st City Council hearing and continued to the November 19th agenda.

First, I want to thank City Council and staff for having open dialogue and listening to our concern over the sheer increase being proposed and its impact on pipeline projects. What came out of the dialogue was a recommendation to phase fee increases to make them less impactful on projects that have received entitlement approvals and have submitted for building permits. We appreciate the approach but still have concerns over the impact to pipeline projects.

The phased fee recommendation helps lessen the burden of the proposed fee increase on pipeline projects; however, the magnitude of the fee increase, even when tiered, poses a substantial burden to advance pipeline projects forward into a construction phase. We're projecting an additional burden of almost \$500K to cover the fee increase under the staff's recommended fee increase structure. The prior staff proposal included a recommendation to defer payment of the TASP fee until certificate of occupancy to help offset the fee increase. The new proposal rescinds the ability to defer payment for any developments not subject to the full increase. Given the magnitude of the fee increase without deferring the payment until occupancy, our project is hampered because of how far along we are with our project budget and design. We anticipate pulling permits in March 2020 with little ability to change project economics.

The deferment of the fee to occupancy, paired with the phased rate increase, is critical because they allow pipeline projects to pay the increased fees and have a lower impact on project budgets. We urge City Council to adopt the staff recommendation to a tiered and phased approach to the TASP fees but to allow the payment to be deferred until occupancy. Milpitas has always been a leader in providing quality housing for the region and providing the services and infrastructure needed to support residents

in new communities. We are excited to be close to breaking ground on our project next year and are supportive of the City's efforts to realize the vision for the TASP. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Zaylor". The signature is stylized and cursive.

Kyle Zaylor
Senior Project Manager
The Core Companies