

**TRANSMITTED VIA EMAIL**

March 15, 2019

Honorable Mayor Sam Liccardo and Members of the City Council  
City of San Jose  
200 East Santa Clara Street, 18th Floor  
San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Carrasco, Esparza, Foley, Khamis, and Peralez,

**Re: 4.1 Housing Crisis Workplan**

When the City Council approved the Housing Crisis Workplan in June of 2018, it approved an ambitious and wide-ranging effort intended to facilitate the development of 15,000 market-rate and 10,000 affordable residential units by 2020. In acknowledging that San Jose's housing crisis stems from a complex set of factors, the Workplan targeted ways to remove regulatory and administrative barriers to housing development, open up new areas for housing opportunities, and better integrate city departments in a coordinated response.

We are pleased that the staff continues to make progress on many of the actions identified in the Workplan. And we are heartened by the increase in affordable homes that are moving through the development process—according to the staff report, more than 2,400 affordable homes are in the development pipeline. But we know—given current housing market challenges—that more needs to be done to meet the city's goals. Without big initiatives, and a major influx of new funding, Housing Department staff predicted that the city could expect to get only a little over half way to the 10,000 affordable unit goal. Unfortunately, Measure V, which would have raised \$450 million for this effort, fell just short of passage.

As the council revisits the Workplan, we urge the city to double down on its support for housing by:

- **Supporting opportunities for increased affordable housing funding**—The Council took initial steps to create a Commercial Linkage Fee this week when it moved forward with plans for a nexus study and feasibility study. The 2020 and 2022 ballots offer an opportunity to give the voters another shot at raising funding for housing.
- **Strengthening the Inclusionary Housing Ordinance**—With inclusionary requirements, the city can ensure that affordable homes are built alongside market rate units. While the city is meeting its market rate development goals, it is falling short on meeting its affordable targets. Steps should be made to strengthen this tool.
- **Ensuring that housing is a priority in major development areas**—We support actions described in the staff report to consider opportunities to increase housing development in and around the downtown. The Diridon Station Area

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*The Van Every Group*

**Staff**

Leslye Corsiglia  
*Executive Director*

Honorable Mayor Sam Liccardo and Members of the City Council

March 15, 2019

Re: 4.1 Housing Crisis Workplan

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Plan provides a major opportunity to add a significantly greater number of new homes than now planned, including 25% that are affordable. And, North San Jose has few affordable homes, far fewer than the 20% envisioned in the North San Jose Plan. As the NSJ Plan is opened for development, there is the opportunity to focus on affordability. Additionally, areas around BART stations and on VTA light rail parking lots are prime locations for transit-oriented development.

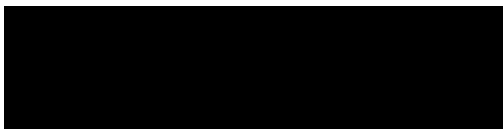
- Decreasing the cost of building housing—City policies can impact the feasibility of and cost of housing development, from the amount of fees assessed on each home, to where housing can be built, to requirements for community benefits. The Housing Workplan includes several actions that can make housing more feasible. These include eliminating requirements for commercial space in affordable housing developments, re-imagining underutilized business corridors to allow the integration of housing, allowing infill housing development on isolated employment lands, and identifying non-viable commercial or office sites for housing. We look forward to seeing these actions move forward later this year.
- Preservation of Existing Affordable Housing—In addition to increasing the housing stock, it is important to take actions that preserve existing affordable homes. While not currently included in the Workplan, staff's ongoing work to develop responses to soft-story construction and mobilehome conversions are important actions.

As you take a new look at the Workplan, we offer two new actions the City can take:

- Updates to the City's Dispersion Policy—When the Housing Department was created in 1988, the council adopted a policy to disperse affordable housing throughout the city to ensure that housing affordable to lower-income households was not segregated in any one area. We agree with Councilmember Peralez that the Dispersion Policy needs revisiting. In addition to looking at how the Policy has worked, it is important to acknowledge that requirements for housing funding have changed since it was originally adopted.
- Reconsideration of Single-Family Zoning—Minneapolis, Seattle, and the State of Oregon have taken action to eliminate single-family zoning, an exclusionary practice that historically was designed to exclude lower-income households and people of color. The city should revisit its single-family zoning practices to allow for missing-middle housing types like duplexes, triplexes, and bungalow courts throughout the city.

We applaud the leadership of the city in addressing its housing crisis and appreciate the opportunity to provide comments.

Sincerely,



Leslve Corsialia





March 19, 2019

Honorable Mayor Sam Liccardo and City Council  
City of San José  
200 East Santa Clara Street  
San José, CA 95113

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**Re: Housing Crisis Work Plan, High-Rise Residential Fee Adjustment – SUPPORT**

Dear Mayor Liccardo and City Council:

On behalf of The Silicon Valley Organization (The SVO), I am writing to support Mayor Liccardo’s memorandum to explore temporary tax and fee reduction/exemptions for residential high-rise projects. We are also supportive of the concept of allowing fees to be paid at the time of certificate of occupancy. By way of background, The SVO is the Silicon Valley’s premier business advocacy organization representing nearly 1,200 companies that employ over 300,000 workers, and we represent our membership as the region’s largest Chamber of Commerce.

As the rising costs of land, labor, and construction materials continues to stall residential housing projects, the City of San José must explore options to reduce taxes and fees in order to improve the feasibility of housing projects. Given that the City of San José continues to lag behind on state-mandated housing production goals, we must consider leveraging fee reductions as an important tool in reducing barriers to residential high-rise developments. If the Council’s priority is to tackle the housing crisis, then a permanent fee reduction is an important tool that can be utilized to incentivize residential projects to “get out of the ground”.

If we are to tackle the housing crisis, we must look to encouraging and incentivizing more market-rate residential developments to pencil-out. The City of San José has recently been focused on affordable housing production, which is an important goal, but we must also look to the private sector to significantly accelerate housing production at all income levels. The city cannot solve our housing crisis without a robust partnership from the private sector. As always, The SVO is available as a resource for soliciting feedback from our members, many of whom are housing developers that invest in San José to help the city meet its housing production goals.

In closing, we strongly urge the Council to support Mayor Liccardo’s memorandum to explore residential fee reductions/exemptions for high-rise projects and also allowing fees to be paid at the time of certificate of occupancy. If you have questions about The SVO’s position on this issue, please contact Eddie Truong, Director of Government and Community Relations, at [REDACTED].

Sincerely,

[REDACTED]

Matthew R. Mahood  
President & CEO

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**DESTINATION: HOME**

March 19, 2019

Mayor & City Council  
City of San Jose  
200 East Santa Clara Street, 18th Floor  
San Jose, CA 95113

*Re: Item 4.1 "Housing Crisis Workplan" on the March 19 City Council Agenda*

Honorable Mayor and City Councilmembers,

**We write in support of Councilmember Esparza's memorandum proposing that the City explore potential fee reductions for affordable housing developments that include ELI or Permanent Supportive Housing units.**

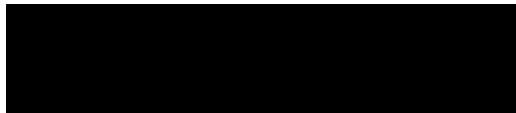
Incentivizing the development of these types of housing units not only serves the most vulnerable residents experiencing or at-risk for homelessness, it also addresses the largest gap in our housing inventory.

In addition to the poignant Housing Element data cited by Councilmember Esparza, a new report published by the National Low Income Housing Coalition, found that the San Jose-Sunnyvale-Santa Clara MSA had an inventory of only 30 affordable and available rental units for every 100 ELI households and that 73% of local ELI households are severely rent burdened (see: <https://reports.nlihc.org/gap/2017/ca>).

We must explore opportunities to incentivize the production of badly needed affordable housing units and create more equitable policies that will advance all of our collective housing goals.

Please consider supporting Councilmember Esparza's memorandum and thank you for your ongoing commitment to ending homelessness in our community.

Sincerely,



Jennifer Loving  
CEO



BUILDING INDUSTRY ASSOCIATION

March 19, 2019

Transmitted via EMAIL

Mayor Sam Liccardo  
San Jose City Council  
200 E. Santa Clara St.  
San José, CA 95113

**RE: March 19, 2019 Agenda Item 4.1, Housing Crisis Workplan**

Dear Mayor and Councilmembers,

- BIA supports the Mayor's recommendations for lower taxes and fees on DT projects:
  - Reduce construction taxes by 50% and dedicate the remaining 50% to Affordable Housing development is a good idea that will improve development possibility Downtown and Affordable Housing City wide.
    - In fact, it's such a good idea that BIA urges the City Council to adopt this policy city wide by directing Staff to explore devoting 50% of Construction and Conveyance Taxes to the Affordable Housing Fund.
  - Paying fees at certificate of occupancy will save millions in financing costs and should be adopted City wide.
- BIA further recommends conforming zoning as enhanced entitlement streamlining:
  - Further streamline the entitlement process throughout the City by undertaking proactive general plan conforming zoning throughout the City. This issue of aligning zoning with the general plan was offered as an item in the Council's priority setting process. Additionally, as noted in the Staff Report, aligning zoning is now required by SB1333 and initial funding has been budgeted.

The only consequences of retaining project-by-project rezoning are blatantly anti-reform. Project-specific rezoning undertaken to conform to the adopted general plan is considered "legislative" in nature and removes vital legal protections from every housing development in San Jose including the protections of the Permit Streamlining Act and the Housing Accountability Act. Additionally, project rezoning is vulnerable to referenda at the end of a lengthy and expensive entitlement process.

Yours truly,

Dennis Martin  
BIA Bay Area