



## DAL PROPERTIES LLC

255 W. Julian Street, Suite 502  
San Jose, CA 95110-2405

Phone: 408.298.9302  
Fax: 408.298.9306  
Email: [DALPropertiesLLC.com](mailto:DALPropertiesLLC.com)

November 1, 2019

Honorable Mayor Sam Liccardo  
& City Councilmembers  
200 East Santa Clara Street  
San Jose, CA. 95113

RE: Inclusionary Housing Ordinance  
November 5, 2019, City Council Agenda Item 4.4

Honorable Mayor and City Councilmembers:

As a strong supporter of affordable housing, I respectfully request that for-sale small developments of 19 units or less be kept exempt as it is currently written in the City's inclusionary housing ordinance.

In my opinion and experience, abolishing the affordable housing fee exemption for for-sale small projects of up to 19 units, will further discourage private redevelopment of these sites especially in areas of the City that need to be redeveloped the most. The reason why historically these small infill sites are left undeveloped is because they have major issues that affect the development viability of the site such as toxics, irregular shapes, infrastructure challenges, environmental issues, access issues, and other issues that discourage the development of such sites. I believe that neighborhoods where property values are not as high will especially get hurt if this ordinance change is approved. Even though we currently are not developing any small infill sites in San Jose, I wanted to make this point to you because it's something I feel strongly about.

As you are probably already aware, the current high costs of developing housing on infill sites have made projects almost infeasible to finance and build out. I have often been told that projects can pencil out by asking property owners to reduce the price of their land, but in my sixty (60) year experience of building thousands of homes in San Jose and across the Valley, I have not yet met a land owner that has been sympathetic or willing to reduce the price of their land because of my point to them that development costs are extremely high. The reality is that property owners in general have owned their properties for a long period of time and their land basis is often \$0 so if they don't get their asking price, they will not sell and will wait until they get the price they want; which means that difficult infill parcels will continue to stay undeveloped for many years. Adding more fees, is only going to worsen the situation.

For a project to be underwritten and considered viable and qualify for financing, a project must demonstrate for most banks a minimum 10% potential profit margin. When applying the current proposed fee to one of our recently develop projects of 19 units or less, we would have not been able to secure financing for it because the new fee would have brought the profit margin to below 10%. This would have made the project not financeable; therefore, the project would not get developed.

As an owner of affordable housing and as an owner of a company that builds only affordable housing, affordable housing has been a core value of mine and something that has been part of me for my entire life. In San Jose, I have owned 700 affordable units for almost 40 years and I'm proud to say that I have never converted any of them to market rate housing even though I have had many chances to do so along the years. Having said this, I strongly believe that this proposed fee to small infill sites will not create more affordable housing and will only result in difficult infill sites not being developed.

Again, I urge you to maintain the current exemption for for-sale infill projects of 19 homes or less because this will facilitate and promote the development of difficult or marginal infill sites in neighborhoods that need redevelopment the most and where public infrastructure already exists.

Sincerely yours,



Charles W. Davidson

**From:** Reyad Katwan  
**Sent:** Monday, November 04, 2019 5:26 PM  
**To:** City Clerk  
**Subject:** Honorable Members of the San Jose City Council,

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Honorable Members of the San Jose City Council,

Housing costs continue to escalate making it even more difficult for smaller in-fill projects to pencil. I am in favor of maintaining exemption of the inclusionary in-lieu fee to 19 units or less to maintain the viability of developing infill parcels. These parcels have inherent challenges and costs without the benefit of any real economies of scale, construction costs, City impact and development fees continue to escalate, approval time lines continue to increase. Adding an inclusionary fee, even with the sliding scale proposed, will push more projects over the line to be unfeasible. This will result in a further disincentive to invest in our neighborhoods where this type of investment that can overcome the remaining problematic parcels while addressing specific neighborhood issues that arise from existing sites that are blighted.

I very much appreciate you not supporting the adding of an inclusionary fee to 19 units or less.

Thank you

Thanks

President



**HawkStone Development**

5655 Silver Creek Valley Road, #305

San Jose, CA 95138-2473

E-mail: [rkatwan@hawkstonedev.com](mailto:rkatwan@hawkstonedev.com)

**From:** Christian Ruiz

**Sent:** Monday, November 4, 2019 3:37 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

\$67 Million was not enough for San Jose's greedy developers. They want more and Lan Diep and Sam Liccardo are ready to deliver for their campaign contributors. On November 5th the council will consider handing developers' more taxpayer dollars, cutting affordable housing requirements for developers and gutting the Ellis Act Ordinance so that KT Urban, the Slavery Towers developers, can further line their pockets.

Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Christian Ruiz

**From:** Bryan Lancaster  
**Sent:** Monday, November 4, 2019 3:37 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

Dear Sam Liccardo,

Lan Diep, have you no shame?

On November 5th you and the council will be voting to gut the Ellis Act Ordinance by further incentivizing the demolition of rent controlled homes.

Who benefits from this?

KT Urban, the crew that brought us the taxpayer subsidized Slavery Towers. More displacement of elders on fixed incomes, more displacement of those struggling to make ends meet so you can deliver for your developer friends.

Shame on you!

Sincerely,  
Bryan Lancaster

**From:** MARK ADAMS

**Sent:** Monday, November 4, 2019 3:42 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

Dear Sam Liccardo,

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Shame on you!

Sincerely,  
MARK ADAMS

**From:** Donald Arriola JR

**Sent:** Monday, November 4, 2019 3:44 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

\$67 Million was not enough for San Jose's greedy developers. They want more and Lan Diep and Sam Liccardo are ready to deliver for their campaign contributors. On November 5th the council will consider handing developers' more taxpayer dollars, cutting affordable housing requirements for developers and gutting the Ellis Act Ordinance so that KT Urban, the Slavery Towers developers, can further line their pockets.

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Sincerely,

Donald Arriola JR

**From:** Curtis Thomson

**Sent:** Monday, November 4, 2019 3:44 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

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Shame on you!

Sincerely,  
Curtis Thomson



**From:** Tyler Brunick

**Sent:** Monday, November 4, 2019 3:46 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

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Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Tyler Brunick

**From:** Tim Nester

**Sent:** Monday, November 4, 2019 3:51 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

\$67 Million was not enough for San Jose's greedy developers. They want more and Lan Diep and Sam Liccardo are ready to deliver for their campaign contributors. On November 5th the council will consider handing developers' more taxpayer dollars, cutting affordable housing requirements for developers and gutting the Ellis Act Ordinance so that KT Urban, the Slavery Towers developers, can further line their pockets.

Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Tim Nester

**From:** Anthony Nucci

**Sent:** Monday, November 4, 2019 3:53 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

\$67 Million was not enough for San Jose's greedy developers. They want more and Lan Diep and Sam Liccardo are ready to deliver for their campaign contributors. On November 5th the council will consider handing developers' more taxpayer dollars, cutting affordable housing requirements for developers and gutting the Ellis Act Ordinance so that KT Urban, the Slavery Towers developers, can further line their pockets.

Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Anthony Nucci

**From:** Trent Eves

**Sent:** Monday, November 4, 2019 3:58 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

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Shame on you!

Sincerely,  
Trent Eves

**From:** Mario Gonzales

**Sent:** Monday, November 4, 2019 3:59 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

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Shame on you!

Sincerely,  
Mario Gonzales

**From:** Alejandro Rivera  
**Sent:** Monday, November 4, 2019 4:10 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

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Shame on you!

Sincerely,  
Alejandro Rivera

**From:** Jacob Calero

**Sent:** Monday, November 4, 2019 4:13 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

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Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Jacob Calero

**From:** Frank Bernal  
**Sent:** Monday, November 4, 2019 4:14 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Don't Reward the Slavery Towers Developers

Re: Don't Reward the Slavery Towers Developers

Dear Sam Liccardo,

Mayor Liccardo and Councilmember Diep...What happened to your pledge to create 10,000 affordable homes by 2022? Was it all a hoax, a lie? Do your words even matter?

You should rethink your November 5th attempt to cut the affordable housing requirement for developers, you should find your conscience and not subsidize rich developers by making permanent the high-rise incentive giveaway, and you should not reward the developers of Slavery Towers with more taxpayer money.

Sincerely,  
Frank Bernal



**From:** Marlon Ruiz  
**Sent:** Monday, November 4, 2019 4:17 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Diep, Khamis, Liccardo...Have you no shame?

Re: Diep, Khamis, Liccardo...Have you no shame?

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Shame on you!

Sincerely,  
Marlon Ruiz

**From:** Mary Helen Doherty  
**Sent:** Monday, November 4, 2019 4:30 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Stand with renters, not wealthy developers

Dear Mayor Sam Liccardo and Councilmember Raul Peralez,

As a resident of District 3, I am asking you to stand up for working families, seniors and communities of color who need more affordable housing options, not less.

We are in the middle of a historic housing crisis that threatens the ability of working families to remain in San Jose as rising rents and evictions continue to push far too many families out of their homes.

This is why I am so troubled by proposals on November 5th, 2019 to both make it easier to demolish affordable homes and evict low income tenants, and to require developers to contribute less to solving our affordable housing crisis.

Currently, San Jose's Ellis Act Ordinance helps preserve rent control apartments, which are the most affordable apartments on the market for low and moderate income families. The ordinance requires 50% of new apartments built on the site of previously rent-stabilized apartments be subject to rent control. Early this year, February 5, 2019, the San Jose Mayor asked staff to research the effects on lowering this re-control provision on development.

Rent controlled apartments are our City's largest source of affordable housing. Over 40,000 households, a majority of who are Latino or African American, live in rent controlled apartments. These families would be placed under greater threat of eviction and losing their home if this policy is weakened.

Additionally, the Mayor's proposal to weaken our Inclusionary Housing Ordinance would slash funding for affordable housing, potentially cutting off the opportunity for hundreds — if not thousands — of families to live in San Jose.

Weakening the Ellis Act and reducing our affordable housing fees will add up to more demolitions of affordable homes, more evictions and displacement and far fewer affordable housing units for tenants. Instead, these policies will reward wealthy, politically connected developers with tens of millions of dollars in profits that would previously have funded affordable housing.

Instead of weakening our Ellis Act Ordinance, we should be strengthening it by providing more protection to tenants and ensuring tenants have a right to return at their previous rents. We should be protecting our affordable housing funds, instead of padding the bank accounts of billionaire Wall Street investors and millionaire developers.

We need the City Council to focus on preserving and producing MORE affordable homes, not doing less. Please support tenants and working families on November 5th.

Sincerely,

Mary Helen Doherty

**From:** Michael Do

**Sent:** Monday, November 4, 2019 4:33 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

Dear Sam Liccardo,

\$67 Million was not enough for San Jose's greedy developers. They want more and Lan Diep and Sam Liccardo are ready to deliver for their campaign contributors. On November 5th the council will consider handing developers' more taxpayer dollars, cutting affordable housing requirements for developers and gutting the Ellis Act Ordinance so that KT Urban, the Slavery Towers developers, can further line their pockets.

Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Michael Do

**From:** Manuel Beltran

**Sent:** Monday, November 4, 2019 4:35 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

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Vote NO on more multi-million dollar handouts to developers.

Sincerely,  
Manuel Beltran

**From:** antoni micheals

**Sent:** Monday, November 4, 2019 4:40 PM

**To:** The Office of Mayor Sam Liccardo

**Subject:** Stop the latest multi-million-dollar developer handout

Re: Stop the latest multi-million-dollar developer handout

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Sincerely,  
antoni micheals

**From:** Stephanie Hill  
**Sent:** Monday, November 4, 2019 4:42 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Stand with renters, not wealthy developers

Dear Mayor Sam Liccardo and Councilmember Lan Diep,

As a resident of District 4, I am asking you to stand up for working families, seniors and communities of color who need more affordable housing options, not less.

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Additionally, the Mayor's proposal to weaken our Inclusionary Housing Ordinance would slash funding for affordable housing, potentially cutting off the opportunity for hundreds — if not thousands — of families to live in San Jose.

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Instead of weakening our Ellis Act Ordinance, we should be strengthening it by providing more protection to tenants and ensuring tenants have a right to return at their previous rents. We should be protecting our affordable housing funds, instead of padding the bank accounts of billionaire Wall Street investors and millionaire developers.

We need the City Council to focus on preserving and producing MORE affordable homes, not doing less. Please support tenants and working families on November 5th.

Sincerely,

Stephanie Hill

**From:** Kevin Albanese

**Sent:** Monday, November 4, 2019 4:20 PM

**To:** Agendadesk

**Subject:** Vote to Support Staff Recommendation on Item 4.4

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

The staff recommendation is a step in the right direction. However, I support three recommendations to enhance the staff recommendation:

1. Lower the in-lieu fee

- \$43 per square foot is still too high of a fee structure and would be a 50% increase over the current fee structure

- the \$18.29 per square foot fee "transition" should also be lowered to facilitate even more housing development and generate more affordable housing dollars for the city

2. Tie the reduced fee structure for Downtown High-Rises to a unit production goal rather than an arbitrary timeline

3. Apply the fee only to "net rentable/livable" square footage

The above recommendations will lead to more housing produced as more projects will actually be feasible. 15% of zero housing is still zero housing. We need reasonable reform that will allow projects to actually get through the pipeline so we can create more housing.

Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

Kevin Albanese

**From:** Reyad Katwan  
**Sent:** Monday, November 4, 2019 5:33 PM  
**To:** Agendadesk  
**Subject:** Honorable Members of the San Jose City Council,

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Honorable Members of the San Jose City Council,

Housing costs continue to escalate making it even more difficult for smaller in-fill projects to pencil. I am in favor of maintaining exemption of the inclusionary in-lieu fee to 19 units or less to maintain the viability of developing infill parcels. These parcels have inherent challenges and costs without the benefit of any real economies of scale, construction costs, City impact and development fees continue to escalate, approval time lines continue to increase. Adding an inclusionary fee, even with the sliding scale proposed, will push more projects over the line to be unfeasible. This will result in a further disincentive to invest in our neighborhoods where this type of investment that can overcome the remaining problematic parcels while addressing specific neighborhood issues that arise from existing sites that are blighted.

I very much appreciate you not supporting the adding of an inclusionary fee to 19 units or less.

Thank you

President



**HawkStone Development**



**From:** George Zafiris

**Sent:** Tuesday, November 5, 2019 7:46 AM

**To:** Agendadesk

**Subject:** Vote to Support Staff Recommendation on Item 4.4

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Dear Clerk City Clerk,

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Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

George Zafiris

**From:** Carol Valentine

**Sent:** Friday, November 01, 2019 9:26 PM

**To:** City Clerk

**Subject:** please add this comment to the November 5th housing hearing

To all of the San Jose City Council: I am glad you are looking at ways to provide more inclusionary housing for low income residents. However I was disturbed when I read the proposal that suggested developers be permitted to set up separate buildings, or separate areas within their developments for low income versus higher income tenants. I believe each tenant should have privacy in regard to their income level and fear that separate areas/buildings segregates and stigmatizes people. A more respectful way to treat people would be to have subsidized units scattered within developments thus minimizing the degradation of stereotyping and stigmatizing the lower income residents. There is more opportunity for people to discover things they like about their neighbors when they are not separated by income level into separate buildings or areas. I hope all of you will do your best to create not only more access to housing, but do it in a way that maximizes opportunities for people to learn to like their neighbors.

Carol Valentine

**From:** Bill Harrington

**Sent:** Monday, November 4, 2019 3:11 PM

**To:** Agendadesk

**Subject:** Vote to Support Staff Recommendation on Item 4.4

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

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Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

Bill Harrington



Starcity

1020 Kearny Street  
San Francisco, CA 94133

November 4, 2019

City of San Jose  
200 East Santa Clara Street  
San Jose, CA 95113

Honorable Mayor Liccardo and San Jose City Council:

On behalf of Starcity, I wish to express our support for the full adoption of the **Downtown High Rise Residential Incentive and AHIF Downtown High-Rise Exemption programs** agendized for November 5th. As our team attested to in great detail during the City Council Meeting on September 24th, our 803-unit Coliving project on Bassett Street is significantly impacted by the fate of these programs. Building this new and relatively unprecedented type of middle income housing is not easy, and as one of the first builders in the country to embark on a project of this scale, the institutional lenders and investors we are engaging require financial returns that justify the perceived risk of such a venture. Extending the incentive and exemption programs has proven to be imperative to the capitalization of our San Jose project.

With respect to the **Development Fee Framework**, Starcity also supports the work of OED and Housing staff to propose a fee system that is based on the square footage of a building. A square footage based fee system is an equitable way to assign fees to the broad variety of housing typologies that San Jose currently permits. Moreover, the proposals to defer the timing of payment of major impact fees such as Construction Taxes and Parks Fees to the near completion of construction is a positive step that should alleviate some of the burdensome upfront financing costs that developers face during the building process.

Starcity also supports staff's efforts on the **Inclusionary Housing Ordinance Proposed Revisions**. Specifically, the optionality to "mix and match" on-site affordable units with an in-lieu fee affords developers much needed flexibility, as does the optionality to cluster affordable units on-site.

The proposal to qualify income for restricted affordable Co-living rooms at 90% of the relevant income limit for a given household size is a reasonable approach to incorporating this use into the City's Housing policy. Co-living is naturally priced to be a more affordable option than Studio and 1-Bedroom apartments. Allowing deed

restricted Co-living units to charge 90% of a corresponding rent limit for Studio is largely in-line with the market realities of this housing type, and we encourage the City to adopt this proposal.

Finally, we urge staff and City leadership to thoughtfully consider how new inclusionary fees are phased into different regions of the city. With construction costs already at an all time high and continuing to increase, we cannot assume that the economy will be any more favorable for development 3 years from now, when for example certain inclusionary fees are proposed to be phased into the Downtown area. The City has stated ambitious goals for housing production and the creation of affordable housing, which so far are not on track to be met. We recommend that staff consider an introduction or increase in fees that is commensurate with the achievement of specific production goals, rather than the expiration of an arbitrary timeline that may ultimately prove to be ignorant of market realities.

We wish to thank city staff for their very strong effort in introducing a more dynamic and fair series of housing policies this fall that take into consideration a real variety of approaches to solving the housing affordability crisis, and we look forward to the adoption of these measures in the coming days.

Best Regards,

Eli Sokol  
Senior Development Manager  
Starcity

**From:** JEAN DRESDEN

**Sent:** Monday, November 04, 2019 1:01 PM

**To:** City Clerk; The Office of Mayor Sam Liccardo; District1 <[district1@sanjoseca.gov](mailto:district1@sanjoseca.gov)>; District2 <[District2@sanjoseca.gov](mailto:District2@sanjoseca.gov)>; District3 <[district3@sanjoseca.gov](mailto:district3@sanjoseca.gov)>; District4 <[District4@sanjoseca.gov](mailto:District4@sanjoseca.gov)>; District5 <[District5@sanjoseca.gov](mailto:District5@sanjoseca.gov)>; District 6 <[district6@sanjoseca.gov](mailto:district6@sanjoseca.gov)>; District7 <[District7@sanjoseca.gov](mailto:District7@sanjoseca.gov)>; District8 <[district8@sanjoseca.gov](mailto:district8@sanjoseca.gov)>; District9 <[district9@sanjoseca.gov](mailto:district9@sanjoseca.gov)>; District 10 <[District10@sanjoseca.gov](mailto:District10@sanjoseca.gov)>

**Subject:** Item 4.3 Development Fee Framework and Item 4.4 IHO

Honorable Mayor and Councilmembers:

Staff has gone far beyond the scope of Council Priority setting where they were asked to development a more transparent method of fee charging using square footage and a single time of collection. Specifically, Council directed that the “Framework shall not be intended to reduce fees.” This framework goes far beyond that scope and proposes to make multiple changes to fee structures based on a single consultant’s report on cost of development rather than based on the actual impact fee needs of the community as required by the language of AB1600 Fee Mitigation Act. Staff should return with a strategy that is parallel to current fees and in a subsequent item, council could consider whatever discounts/incentives are needed. This is a wholesale change to the fee structure buried in a single item—all designed without community input. Further, many of the changes are likely to increase the divide between have and have not neighborhoods.

Today I am writing you as an individual. Normally, I write on behalf of San Jose Parks Advocates. However, I am traveling internationally making collaboration difficult.

### **Scope beyond priority setting direction**

Staff was directed to come back with a square footage and timing framework. This framework goes far beyond and makes wholesale changes to the fee structure.

### **No community outreach**

The structural changes have the potential for substantial impacts to the community by reducing the amount collected. Where’s the outreach to let people know of the plans? Fees are mitigations for the impacts of development. They are designed to allow current resident to maintain their level of service. People should be allowed to give their views PRIOR to adoption of a framework that completely turns the fee structure upside down.

### **Linkage to existing nexus studies. Plans for new studies?**

Fees are collected based on nexus studies and this framework does not discuss nexus studies current or planned updates other than parks. Wholesale changes require updated nexus studies.

### **Geography changes are absurd and not rooted in need and will perpetuate inequity.**

The proposed combining of various geographic areas based on housing type will perpetuate inequity. For example, combining North San Jose and downtown will not address the very different problems each neighborhood faces. While both will attract highrises, the baseline infrastructure and the types of infrastructure needed are different. For example, Downtown has a “Central Park” and a community center. North San Jose does not have either. Putting neighborhoods together based on today’s market conditions does not take into account that communities evolve. Equity demands that each neighborhood be considered separately. The historic planning areas do need to be divided. But they should not be combined.

### **Process, process, process! It takes time!**

The only city in California to use square footage in a unified fee is Sacramento. Prior to implementing, they spent 5 years in development—conducting Nexus studies and extensive community outreach. It is notable that Sacramento’s process concluded that commercial development should contribute to parks in order to mitigate the impacts of lunchtime and evening usage of parks by employees.

**Time of collection. Is it risky?**

Only Sacramento offers to collect fees at the time of certificate of occupancy. They implemented in 2017 for new projects. Have they collected anything? Why do other cities choose to collect at time of building permit?

In the past, multiple modifications have been made to development agreements. Does this set up a situation where a change in ownership or a bankruptcy could cancel out fee collection? Once an occupancy permit is issued, could a developer LLC simply walk away and the fees become uncollectable? There must be a reason even the most developer friendly communities do not charge fees at the time of certificate of occupancy. What do they know?

**Inclusionary Housing (item 4.4 too) Park Discounts**

Item 4.4 proposes declaring 100% AMI as “affordable” housing with a 50% reduction in park fees. This essentially means that half the city’s population would be qualified for “affordable” housing. The Feds and State do not use this standard. People earning in this category (about \$120,000 for a family) are not rent-burdened, that is paying more than 30% of their income. Their challenge is purchasing a home. They expect parkland nearby. Further reducing park fees will perpetuate the inequities and park deficiencies found in large swaths of San Jose and continue to make parts of San Jose less desirable. People will not receive the health benefits of green open space near their homes. Impacts to parks from increased population will not be mitigated causing resistance from existing population to future growth.

Please direct staff to come back with a framework for square footage, multiple independent geographic areas.

Have them develop a compare and contrast chart using already entitled project to show what fees would be collected. They should provide you with a comprehensive outreach plan and a schedule of when they will complete Nexus studies in order to be compliant with the provisions of AB1600.

Sincerely,

Jean Dresden

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

The staff recommendation is a step in the right direction. However, I support three recommendations to enhance the staff recommendation:

1. Lower the in-lieu fee

- \$43 per square foot is still too high of a fee structure and would be a 50% increase over the current fee structure

- the \$18.29 per square foot fee "transition" should also be lowered to facilitate even more housing development and generate more affordable housing dollars for the city

2. Tie the reduced fee structure for Downtown High-Rises to a unit production goal rather than an arbitrary timeline

3. Apply the fee only to "net rentable/livable" square footage

The above recommendations will lead to more housing produced as more projects will actually be feasible. 15% of zero housing is still zero housing. We need reasonable reform that will allow projects to actually get through the pipeline so we can create more housing.

Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

Lorene Alexander



Dear Clerk City Clerk,

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Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

Terrence Reilly

Dear Clerk City Clerk,

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Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

Denyse Cardozo

**From:** Nicole Goehring  
**Sent:** Monday, November 4, 2019 11:13 AM  
**To:** Agendadesk  
**Subject:** Vote to Support Staff Recommendation on Item 4.4

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

The staff recommendation is a step in the right direction. However, I support three recommendations to enhance the staff recommendation:

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Thank you for your support of more housing in San Jose.

Sincerely,

Nicole Goehring

**From:** Steven Meneses  
**Sent:** Monday, November 4, 2019 11:15 AM  
**To:** Agendadesk  
**Subject:** Vote to Support Staff Recommendation on Item 4.4

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

The staff recommendation is a step in the right direction. However, I support three recommendations to enhance the staff recommendation:

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Thank you for your support of more housing in San Jose.

Sincerely,

Steven Meneses

**From:** Frank De Turrís

**Sent:** Monday, November 4, 2019 11:22 AM

**To:** Agendadesk

**Subject:** Vote to Support Staff Recommendation on Item 4.4

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

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Thank you for your support of more housing in San Jose.

Sincerely,

Frank De Turrís



November 4, 2019

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

**Transmitted via EMAIL**

**RE: San Jose City Council 11.5.19 Agenda Item # 4.4, 19-993 Inclusionary Housing Ordinance Proposed Revisions**

Dear Mayor Liccardo and San Jose City Councilmembers,

BIA Bay Area, representing for-sale and rental residential builders who constitute a primary stakeholder’s group in San Jose, continues to be very concerned regarding the interpretation, implementation and proposed revisions of City of San Jose’s Inclusionary Housing Ordinance (IHO).

In 2018, BIA endorsed the call for comprehensive study sessions to address the rising cost of impact fees, including affordable housing fees, and the need to align those fees both regionally and within the City’s fee structure. Projects need more certainty and predictability in proforma development. Impact fees and affordable housing requirements have become a substantial percentage of overall costs with detrimental effect to the ability of a housing development project to meet financial viability.

• **Market based approach is a step in the right direction**

In 2019, the City is finally turning toward an approach that is backed by data. Utilizing a Market Driven/Sub-Market approach which analyzes feasibility data by sub-region, i.e., West Valley, Willow Glen & Cambrian, Downtown, East/South San Jose is a preferable approach to the current blanket approach across the city.

It should be noted that KMA’s original Pro Forma Findings dated April 2018 analyzed the city’s ability to achieve acceptable rates of return via a Market Driven/Sub-market approach. The 2018 analysis concluded, as does KMA’s current 2019 Pro Forma Analysis, that the only area of the city that would support multi-family rental housing is the West San Jose/Stevens Creek sub-region.

• **Proposed multifamily in-lieu fees are out of step with neighboring jurisdictions**

BIA, however, opposes the proposed revision of the IHO because the proposed in-lieu fees for multifamily are much higher than current fees. The City’s proposed \$43/sq. ft. in-lieu fee for multifamily is significantly above neighboring cities’ current in-lieu fees:

City	Multifamily (Sq. Ft.)	Condo (Sq. Ft.)	Term (years)
Cupertino	\$20.00	\$25.00	99
Fremont	\$17.50	\$27.00	55
Milpitas	\$33.00	\$33.00	55
Santa Clara	\$20.00	\$25.00	55
Sunnyvale	\$25.00	n/a	55
San Jose Current	~\$28.00	~\$27.00	55
<b>San Jose Proposed</b>	<b>\$43.00</b>	<b>\$25.00</b>	<b>99</b>

San Jose's In-lieu proposed fee runs 50% higher or more than the comparable neighboring cities. San Jose does not have the rental valuations to charge fees in the same ranges as San Francisco, Palo Alto & Mountain View. BIA recommends lowering in lieu fees on multifamily projects across the City.

According to Beacon Economics/SVO recent study, since 2014 San Jose, by far the largest city in Santa Clara County, has permitted less than 50% of the housing built throughout the County. This study shows that the issuance of housing permits in the City has significantly lagged behind the rate of supply for the South Bay region. A major obstacle to the production of housing are the restrictions by the city to provide an adequate supply of land zoned for housing.

Another reason that San Jose lags in producing housing, particularly affordable housing, is because the IHO in-lieu fee schedule disincentivizes market rate developers from building residential projects in the city. BIA recommends that to incentivize development in the Eastside/South San Jose region the multifamily in-lieu fee should be set at no higher than \$10.00/sq. ft. Even better, "no fees" could be adopted for a limited time to truly incentivize development in lower valuation areas of the city.

- **A 99-year term of rent restrictions compromises project financing**

Developers have commented that financing is compromised if the Term of Rent Restrictions goes beyond 55 years. Although the City surveyed surrounding cities and found some who have "in perpetuity", or "99 years", several others set the term of affordability at 55 years. Many surrounding smaller Silicon Valley cities, such as Cupertino, are cities that do not to facilitate the development of affordable housing in their communities.

- **Square Footage In-lieu Fee**

BIA supports and has long recommended moving to a "square foot" vs "per unit" basis for calculating the in-lieu fee. However, the square foot fee should be calculated based upon the "habitable space" within the development not the common/uninhabitable area(s) of the development.

- **Fee Payment Deferral**

BIA supports the proposed Aligned Fee payment timing to have fees paid at time of final inspection for 80% of the residential units (Inclusionary, Parkland In-lieu & Construction Taxes).

- **Cost of Development Study**

Should the council choose to adopt the Housing Department recommendation of \$43/sq. ft. In-lieu Fee, BIA strongly recommends that a Feasibility Study be produced and reviewed prior to imposition of the new fee.

- **Clustering of Affordable Units**

BIA continues to support the clustering of affordable units which will facilitate tax credit financing that staff includes in its current set of recommendations.

BIA Bay Area is ready to work with the City to fine tune the Inclusionary Ordinance so that it is best able to work for both the City of San Jose and the building community. We hope that the City will include BIA members and representatives in the efforts outlined by the Mayor and Council in the joint memo.

Very truly yours,

Patricia Sausedo, Director  
Government Affairs South Bay  
BIA Bay Area

**From:** Huy Tran

**Sent:** Tuesday, November 05, 2019 9:20 AM

**To:** District1 <[district1@sanjoseca.gov](mailto:district1@sanjoseca.gov)>; District2 <[District2@sanjoseca.gov](mailto:District2@sanjoseca.gov)>; District3 <[district3@sanjoseca.gov](mailto:district3@sanjoseca.gov)>; District4 <[District4@sanjoseca.gov](mailto:District4@sanjoseca.gov)>; District5 <[District5@sanjoseca.gov](mailto:District5@sanjoseca.gov)>; District 6 <[district6@sanjoseca.gov](mailto:district6@sanjoseca.gov)>; District7 <[District7@sanjoseca.gov](mailto:District7@sanjoseca.gov)>; District8 <[district8@sanjoseca.gov](mailto:district8@sanjoseca.gov)>; District9 <[district9@sanjoseca.gov](mailto:district9@sanjoseca.gov)>; District 10 <[District10@sanjoseca.gov](mailto:District10@sanjoseca.gov)>; Le, Candace <[candace.le@sanjoseca.gov](mailto:candace.le@sanjoseca.gov)>; City Clerk <[city.clerk@sanjoseca.gov](mailto:city.clerk@sanjoseca.gov)>

**Subject:** Comments for proposed IHO and Ellis Act Ordinance amendments

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Esteemed Councilmembers and Mr. Mayor,

I write today once again to oppose any changes to the Ellis Act Ordinance, and also to state my opposition to any changes to the Inclusionary Housing Ordinance.

We are repeatedly told that we need to make it easier for developers to build to increase our housing stock, but we have met every market rate benchmark under our current rules. There is no justification to loosen up the requirements or the affordable housing fees that will actually contribute to affordable housing.

We are repeatedly told that if we don't incentivize these developments, then the fees we require won't materialize and we get no additional resources anyway. Are we to believe that developers are going to pass up on the opportunity to house the 20,000 to 30,000 employees that Google is expected to bring to San Jose? Or to take advantage of the increased access that BART brings?

We are repeatedly told that it is too expensive to build any kind of housing in San Jose, yet developers themselves are presenting models where they are making 4% profit margins on multimillion dollar projects. The sole purpose of the proposed changes today is to guarantee their profit margins at 5.25% to give them incentives to build, yet when they have the opportunity to do so, they have not built the affordable housing that we so desperately need. We do not exist to prioritize profits over the needs of the people.

We are repeatedly told that the benefits of these developments will eventually trickle down to the rest of us. We are well on our way to meeting Mayor Liccardo's goals for market rate production within two years of his announcement in 2017, while it would take us thirty years to reach our affordable housing goals. Is this how long we are supposed to wait while we use up the space that we have for market rate production?

I again urge the Council to reject all changes to the Ellis Act Ordinance, and reject changes to the Inclusionary Housing Ordinance. None of this is justified.



**From:** Susan Overland  
**Sent:** Tuesday, November 05, 2019 2:35 PM  
**To:** The Office of Mayor Sam Liccardo  
**Subject:** Vote to Support Staff Recommendation on Item 4.4

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Mayor Liccardo,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

The staff recommendation is a step in the right direction. However, I support three recommendations to enhance the staff recommendation:

1. Lower the in-lieu fee
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The above recommendations will lead to more housing produced as more projects will actually be feasible. 15% of zero housing is still zero housing. We need reasonable reform that will allow projects to actually get through the pipeline so we can create more housing.

Thank you for your support of more housing in San Jose.

Sincerely,

Sincerely,

Susan Overland

**From:** Janikke Klem <  
**Sent:** Tuesday, November 5, 2019 3:16 PM  
**To:** Agendadesk  
**Subject:** Vote to Support Staff Recommendation on Item 4.4

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Clerk City Clerk,

I write to you today to advocate in support of staff recommendation on Item 4.4, San Jose's Inclusionary Housing Ordinance (IHO), with a few proposed modifications.

The staff recommendation is a step in the right direction. However, I support three recommendations to enhance the staff recommendation:

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The above recommendations will lead to more housing produced as more projects will actually be feasible. 15% of zero housing is still zero housing. We need reasonable reform that will allow projects to actually get through the pipeline so we can create more housing.

Thank you for your support of more housing in San Jose. We all know how desperately we need to make building housing achievable. These steps will get us closer to more projects penciling and breaking ground. Thank you for taking the steps to help house more of our residence.

Sincerely,

Janikke Klem

▪

**From:** Michelle Huttenhoff

**Sent:** Tuesday, November 5, 2019 1:49 PM

**To:** City Clerk ;The Office of Mayor Sam Liccardo ;District2 <[District2@sanjoseca.gov](mailto:District2@sanjoseca.gov)>; District1 <[district1@sanjoseca.gov](mailto:district1@sanjoseca.gov)>; District4 <[District4@sanjoseca.gov](mailto:District4@sanjoseca.gov)>; District3 <[district3@sanjoseca.gov](mailto:district3@sanjoseca.gov)>; District5 <[District5@sanjoseca.gov](mailto:District5@sanjoseca.gov)>; District 6 <[district6@sanjoseca.gov](mailto:district6@sanjoseca.gov)>; District7 <[District7@sanjoseca.gov](mailto:District7@sanjoseca.gov)>; District8 <[district8@sanjoseca.gov](mailto:district8@sanjoseca.gov)>; District9 <[district9@sanjoseca.gov](mailto:district9@sanjoseca.gov)>

**Cc:** Teresa Alvarado <[talvarado@spur.org](mailto:talvarado@spur.org)>; Kristy Wang <[kwang@spur.org](mailto:kwang@spur.org)>

**Subject:** Item 4.4 Inclusionary Housing Ordinance Proposed Revisions

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Mayor Liccardo and Members of the San Jose City Council,

On behalf of SPUR, I am writing to support the staff recommendation to update the Inclusionary Housing Ordinance. The proposed ordinance provides the City with the necessary tools to support the creation and implementation of affordable housing.

The feasibility and cost study show the severe challenges our region is facing in producing affordable housing. The ordinance put forward provides a set of policies that are in line with current market conditions and the realities of the high cost of construction and development.

Staff has done a remarkable job working alongside policy groups to construct these set of recommendations.

While we fully support the passing of this ordinance, we recommend that Staff update the fee structure as residential market conditions change over time and we urge the City Council to consider any and all additional measures and opportunities to help finance and deliver affordable housing throughout San Jose.

We look forward to the full conversation this afternoon.

Best,  
Michelle

--

Michelle Huttenhoff  
San Jose Policy Director  
SPUR • Ideas + Action for a Better City

**From:** L A Kurth  
**Sent:** Wednesday, November 06, 2019 11:21 AM  
**To:** City Clerk  
**Subject:** Please don't weaken affordable housing and renter protections

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Mr. Mayor and councilors, including my district 6 councilor, Ms. Davis,

Please do not approve the weakening proposals in #4 on the agenda.

The current provisions are none too strong. We need to have them as just one small step in diminishing the harm to families and the entire region because of hideous commutes that result when everyone, except the early-owners and super wealthy, has to move further and further and further from their jobs. That means further from families, from churches, from the connections that hold communities together.

This affects parents and their kids, teachers and their students, nonprofits and schools that could have had volunteers if people's lives had not been sucked up into the wasted time of traffic. It affects college students getting to classes and having time for homework. (two of my current students commute 2 hours!) People have had to move away from their parents, weakening the bonds between kids and grandparents, making neighborhoods anonymous and disconnected. More children are left on their own resulting in mischief and loneliness on the small end, and more gangs, crime, and jail on the big end.

Sincerely,

Lita Kurth