



# Memorandum

**TO:** Honorable Mayor and City Council

**FROM:** Councilmember Jimenez

**SUBJECT:** The Housing Crisis Workplan

**DATE:** June 12, 2018

APPROVED

DATE

6/12/2018

## Recommendation

Accept the staff report and approve the Housing Crisis Workplan with the following changes:

1. Direct staff to immediately issue an RFP, hire one or more consultants, and conduct a San Jose-specific Nexus Study and Feasibility Study to evaluate a city-wide Commercial Impact Fee.

## Analysis

The cliché that government long delays in decision and action are nowhere truer than in our body's inability to study a Commercial Impact Fee (CIF).

Since 2015, our City has vacillated on studying a CIF. We cannot continue to kick the can down the road. We know that we are \$548.1 million short in our efforts to meet our housing development goals. These needed funds will not miraculously appear in our City's budget. Therefore, we must explore every option at our disposal for acquiring the funds necessary to house our most vulnerable residents and keep families from fleeing our City due to high rents and exorbitant home prices. Conducting a San Jose-specific Nexus Study and Feasibility Study does not obligate us to adopt a CIF. Rather, these studies will provide us with the information we need to make an informed decision.

I believe that the recommendation from staff to wait and watch what the City of Milpitas does, conduct a study session, initiate the Nexus Study for a Commercial Impact Fee for the Diridon Station Area, and THEN consider initiation of a Citywide Nexus Study, is wasting precious time. We must plan and prepare now to meet the ambitious housing goals set forth by the Mayor. I encourage my Council colleagues to support the immediate initiation of the steps needed to conduct a San Jose-specific Nexus Study and Feasibility Study.

The recommendation for a "Bay Area Wide job-housing imbalance impact fee" is based on the premise that other cities are interested in joining forces to tackle our issues. This showcases our lack of awareness that many cities in the Bay Area have already conducted these types of studies and implemented fees on commercial development to support housing. My experience on regional governmental bodies, including ABAG, LAFCO, and VTA Policy Committees,

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suggests that the interest of jurisdictions is diverse, and often disagreements arise over the most mundane issues. With an issue as contentious as housing, a regional agreement is a longshot and would take years.

For perspective, here is the timeline of the City's approach to examining a CIF as an additional mechanism for providing essential funding to build housing:

- June 23, 2015: Commercial Impact Fee (CIF) was added to the priority setting session, and it ranked 8th out of 21 priorities.
- December 15, 2015: Staff provided a report on CIF, and Council directed staff to "Explore with the Silicon Valley Community Foundation (SVCF), SPUR, and other regional partners, and study how a regional fee structure or revenue-sharing might best address the need for affordable housing..."
- March 2017: In response to the December 15, 2015 action, staff recommended removing CIF from the City Council Priority List.
- March 3, 2017: Councilmember Rocha submitted a memorandum suggesting we postpone studying CIF rather than remove it from the Council Priority List. His memorandum called for Council to reconsider CIF following the completion of deliberations by the Santa Clara Jurisdictions who participated in a regional study sponsored by SVCF.
- March 7, 2017: City Council held a priority setting session and declined to remove the CIF from the priorities list and instead moved to accept Councilmember Rocha's memo. The Council also included keeping the direction to explore regional partnerships and to study how a regional fee might address affordable housing.
- October 17, 2017: CIF for affordable housing was included on the priority list and ranked #12 on the list of priorities.
- January 12, 2018: Staff issued an informational memo on the "Regional Grand Nexus Studies for Commercial Impact Fees Used to Fund Affordable Housing." In the memo, staff provided the current status of some of the work being done by other cities.
- June 12, 2018: CIF is again a topic of discussion given our Housing Crisis Plan, and, once again, staff recommends more delays.

San Jose has been standing by as a spectator while smaller cities arrive at solutions. The time is now for us to get out of our own way and lead on this issue by directing staff to conduct a Nexus Study and Feasibility Study.