



Memorandum

TO: CITY COUNCIL

FROM: Councilmember Dev Davis

SUBJECT: COMMERCIAL LINKAGE FEE

DATE: March 8, 2022

Approved:

Date:

March 8, 2022

RECOMMENDATION

Defer actions related to Implementation and Amendment of the Commercial Linkage Fee Ordinance (CLF) at least two weeks to get a clear finding from the City Attorney's office on the addition of historic preservation and environmental sustainability credits to the CLF ordinance.

BACKGROUND

San Jose's development is unique and should not rely on how other communities set their CLF fee schedules. We adjust fees frequently, and we should do so to balance the need for affordable housing with the need for a thriving economy in San Jose. Our economy can only thrive with additional commercial development, which requires developers to be able to finance and construct their projects.

The world has changed since we developed our CLF policy. Taking a pause to look at our tenuous situation and the pipeline of development projects is good for our city and our residents. Offering credits for historic preservation adds an important layer to our goal of creating an interesting city where people do want to live, work, and play. This is not a new concept in San Jose. The development of the Mirrasou Winery property on Aborn Road allowed for credit with the preservation and rehabilitation of the old winery building.

Looking at environmental credits completely aligns with our Climate Smart San Jose Plan. Now more than ever, new environmentally sustainable buildings should absolutely be encouraged and if CLF credits help nudge developers to consider that route, let's do it now, not in the future. We are no longer relying on Russian gas exports. As a Council, we must seriously consider the tradeoffs in emissions and affordable housing units as we decide the details of our CLF policy.