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Leslye Corsiglia
Executive Director

TRANSMITTED VIA EMAIL

September 17, 2018

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 Carrasco and Councilmembers, Arenas, Davis, Diep, Jimenez, Jones, Khamis, Nguyen, Peralez, and Rocha,

RE: 4.7-- Actions Relating to the Santa Clara County Civil Grand Jury Report Entitled "Affordable Housing Crisis: Density Is Our Destiny" and to Potential Commercial Impact Fees

We write today to urge the City Council to take decisive action to address the City's housing crisis by **directing staff to conduct a city-wide Nexus Study for non-residential development and an accompanying fee feasibility study.**

We also ask that the City continue to provide leadership in working toward a regional linkage fee, which we understand may require State legislation.

Commercial Linkage Fees (CLF) are an important tool in a City's housing toolbox, and there are many solid reasons the City should adopt such a fee:

- Developers of market rate residential properties are required to incorporate affordable homes into their developments or pay an in-lieu fee. It is only reasonable to ask that developers of commercial uses be asked to be a part of the affordable housing solution.
- Neighboring cities have adopted CLFs, including the cities of Palo Alto, Mountain View, Cupertino, Sunnyvale, and Santa Clara. The Milpitas City Council, which considered a CLF earlier this year, is set to adopt a new fee this fall. Fees range from \$35 in Palo Alto, to \$20 and \$15 for Santa Clara and Sunnyvale respectively.
- When this issue was heard before San Jose's City Council in 2017, the decision was to revisit the nexus study when Santa Clara and Milpitas had moved forward with CLF ordinances.

The nexus between jobs and housing has long been established. It has also been established that there is insufficient ongoing revenue in San Jose to create the affordable homes needed to accommodate new jobs being added, particularly homes affordable to lower- and moderate-income residents.

By also conducting a feasibility study, the City can identify a feasible fee level given its unique economic situation. The goal is not to blindly enact a fee that

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disincentivizes commercial development, but rather to determine a fee level that both enables commercial development to proceed and provides funding for the City to finance the development of new homes where those jobs can live.

San Jose has always been a leader in responding to its housing needs, yet we know the City is falling short on its affordable housing goals.

Now is the time for action.

Thank you for your consideration and for all you do for affordable housing.

Sincerely,



Leslye Corsiglia
Executive Director

Alison Brunner, Law Foundation of Silicon Valley, CEO

Louis Chicoine, Abode Services, Executive Director

Matt Franklin, MidPen Housing, President and CEO

Poncho Guevara, Sacred Heart Community Service, Executive Director

Geoffrey Morgan, First Housing, President and CEO

Mary Murtagh, EAH Housing, President and CEO

PACT - People Acting in Community Together

Dan Wu, Charities Housing, Executive Director

Kevin Zwick, Housing Trust Silicon Valley, Chief Executive Officer