

Mayor and City Council
City of San José
200 E Santa Clara St,
San José, CA 95113

September 19, 2017

RE: September 19, 2017 Agenda Item 4.2: Actions Related to the Affordable Housing Impact Fee and Inclusionary Housing Programs.

Dear Mayor Liccardo and City Councilmembers,

The Santa Clara County Association of REALTORS® are concerned with the proposal that would modify the San José Affordable Housing Impact Fee and Inclusionary Housing Programs to apply them to small developments of 3 to 19 units. We believe that the requirements presented will harm infill projects and discourage small investors from participating in the marketplace.

According to the original City Council Ordinance No. 28689 passed on January 12, 2010, “Residential Developments with a less than total 20 units” were exempted from the inclusionary housing provisions. Even as recently as July 1, 2016, the Guidelines for Implementation of the Inclusionary Housing Ordinance of the City of San José, Chapter 5.08 of the San José Municipal Code stated that “developments that have 19 or fewer For Sale Dwelling units will be exempt from compliance with the requirements of the Ordinance,” as part of a small projects exemption. We believe that these existing small project exemptions should remain.

If you apply the inclusionary and affordable requirements to projects of 3 - 19 dwelling units, you will further erode the development of for sale housing in our community, which is the primary asset for the majority of the middle class. With homeownership rates in 2015 at a 30-year low of 50.7% in the San José Metro Area, we should not be making it more difficult to build for-sale housing. With inequality rising, one of the few paths towards building middle class economic stability is homeownership. According to the Joint Center for Housing Studies Harvard University, “homeownership continues to be a significant source of household wealth, and remains particularly important for lower-income and minority households.”

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We also ask that the City Council exempt Accessory Dwelling Units from the definition of “dwelling unit” for the purposes of applying the Affordable Housing Impact Fee and Inclusionary Housing Programs. If the proposal from the housing department is adopted to impact projects of three or more units this would unintentionally capture duplexes developed with an accessory dwelling unit. At a time when our housing to jobs ratio is so imbalanced we must not discourage the potential for small scale development across our city. In fact small scale developments will blend better with existing neighborhoods and not strain services exponentially.

These requested changes will not materially harm the City’s goal of creating affordable housing but may unduly discourage and harm small property owners and discourage the smart land use decisions for small infill development. Thank you for your consideration of these proposals.

Sincerely,

A solid black rectangular box used to redact the signature of Rick Smith.

Rick Smith
President
Santa Clara County Association of REALTORS®