



September 10, 2018

Mayor Sam Liccardo and City Council
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Re: Commercial Linkage Fees (Council Item 4.1) – OPPOSE

Dear Mayor Liccardo and City Council:

On behalf of The Silicon Valley Organization (The SVO), I am writing to express our strong opposition to any consideration of a commercial linkage fee, which would create disincentives for employers to add jobs and would worsen San Jose's already poor "jobs-to-housing" imbalance. By way of background, The SVO is the Silicon Valley's premier business advocacy organization representing 1,400+ companies that employ nearly 300,000 workers and we represent our membership as the region's largest Chamber of Commerce.

On June 12th earlier this year, the city council directed staff to drop any consideration of a commercial linkage fee on the premise that this policy would further worsen San Jose's jobs-to-housing imbalance. We agree with city staff's analysis on finding 4b of the Civil Grand Jury report, which states that any additional cost to the commercial development and construction process would likely diminish such developments in San Jose. Furthermore, the San Jose City Council recently hosted a study session on the "cost of development" which also released findings that soaring construction and labor costs have made private development practically unviable in most parts of the city. An additional commercial linkage fee would only exacerbate these problems, instead of addressing the root cause of the problem: housing supply.

There is no doubt that Silicon Valley is experiencing an unprecedented housing crisis and there have been numerous local and state solutions designed to tackling this problem. However, the key systemic solution is to drastically increase housing supply at all income levels throughout the region. The best way to accomplish this goal is to relax regulatory barriers established by San Jose's general plan in order to significantly accelerate housing production. Through Mayor Liccardo's leadership and his 15-point housing plan, we are already looking at ways to build an additional 25,000 new housing units through multiple, nuanced policy approaches. As such, commercial impact fees only worsens San Jose's job-to-housing imbalance, has the potential to greatly increase commercial displacement of low to middle-income jobs, and does not address our regional housing crisis.

For these reasons, The SVO strongly urges you to reject this proposal. Should you have any further questions on The SVO's position, please contact Eddie Truong, Director of Government and Community Relations, at 408-291-5267.

Sincerely,

Matthew R. Mahood
President & CEO
The Silicon Valley Organization

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