



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Chappie Jones
Councilmember Lan Diep

SUBJECT: Commercial Linkage Fee

DATE: 12/06/2018

Approved

Lan Diep
TL Date
[Signature] DG

12/7/18

RECOMMENDATION

- 1) Direct Staff to develop a feasibility study on a Downtown Core Commercial Linkage Fee that would address the affordable housing needs while only adopting a commercial linkage fee in the downtown core of the City of San José.
- 2) Adopt a Commercial Linkage Fee for the City of San José exclusive to the Downtown Core of the City of San José.

BACKGROUND

We appreciate the effort that has gone into the Grand Jury Report on Affordable Housing. We support the Mayor's preference for a regional approach to commercial development impact fees as means to address affordable housing. We support a commercial impact fee on new development being exclusive to the Downtown Core of the City of San José, including a region-specific feasibility study.

For years, the City Council has been deliberating over the impacts of a commercial linkage fee in our City. We must balance the urgent need for increased affordable housing with the need for increased job opportunities for our residents. By supporting a regional approach to the commercial linkage fee, we are allowing development specific to the center of downtown San José to increase funds needed to develop affordable housing. Simultaneously, a regional approach limits deterring development in less dense areas of San Jose that could heavily benefit from additional jobs.

Councilmember Chappie Jones has led an effort to form the RHNA subregion that has gained the interest of nearly half of Santa Clara County's cities. This important regional tool can help address the housing needs on a region-specific basis to balance the need for jobs.