From: Jeffrey Cristina < >
Sent: Monday, March 11, 2019 2:59 PM
To: City Clerk
Subject: Desk item for 4.3 Commercial Linkage Fee. Please share this with the council.

It appears the Council plans to move forward with the Nexus and Feasibility Studies. As a result, and as part of this effort, I respectfully request the Council include the calculation from the Bay Area Council Economic Institute's (BACEI) report "Solving the Housing Affordability Crisis."

This highly respected calculation should provide valuable insight into the efficacy of potential fees on housing, and also on the city's overall financial health. Notably, as reported in their study, two of three cities in Alameda County who have implemented the fee are projected to experience a negative impact on housing affordability.

I understand that this fee is well-intentioned, which may explain why many cities have adopted it. However, all these cities are different and there is no reason to believe that a one-size-fits-all approach is optimal.

Also, I would like to point out that the SCC Civil Grand Jury report "Affordable Housing Crisis: Destiny is Our Destiny" did not account for all the effects of a fee. They simply stated "could be expected to substantially increase (BMR) units." This does mention anything about overall affordability of San Jose.

Additionally, this proposal opposes policy IE-2.6 "promote the retail development to the maximum amount feasible..."

I am dubious about the value of continued exploration of the value of the fee, Nonetheless, if you do continue to move forward I strongly request you do so with an eye on metrics so we can see clearly what the effects could be to the cities housing affordability. The BACEI is a good way to get insight into those metrics and can help us ensure that we have a clear eye into potential effects, and thus help guide the decision making process.

Thank you for your time and consideration,

Jeff Cristina
Business San José Chamber PAC

The silicon valley organization

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March 12, 2018

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

Re: Commercial Linkage Fees Scope and Timeline

Dear Mayor Liccardo and City Council:

On behalf of The Silicon Valley Organization (The SVO), I am writing to comment on the council item 4.3 – commercial linkage fee scope and timeline. The SVO is the Silicon Valley's premier business advocacy organization representing 1,200+ companies that employ nearly 300,000 workers and we represent our membership as the region's largest Chamber of Commerce.

We remain firm in our opposition of commercial linkage fees, as the fee structure could create disincentives for employers to add jobs and would worsen San Jose's already poor "jobs-to-housing" imbalance. We still believe that the key systemic solution to addressing our unprecedented housing crisis 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. By significantly increasing housing supply, there will be a downward trend in market rate development prices that will provide more affordable housing options for our residents and further prevent homelessness in our community.

If the council must conduct a study of the commercial linkage fee, we strongly encourage that the council give direction to proceed with both a nexus and feasibility study through the staff recommended scope and timeline. The staff timeline is realistic and would allow enough time to conduct a proper analysis of the potential impacts to commercial developments as a direct result of this fee. Furthermore, there should not be a separate study of "high tech office, retail, industrial, and office" as those building types are already included in the staff recommendation.

In closing, we are open to being collaborative partners as staff conducts an outreach plan that should include developers and employers. 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

From: Huy Tran < >
Sent: Tuesday, March 12, 2019 12:13 PM
To: District1; District2; District3; District4; District5; District 6; District7; District8; District9; District 10; Le, Candace; City Clerk
Subject: Commercial Linkage Fee

Mayor, Councilmembers & Staff,

My name is Huy Tran. I am a member of the Housing and Community Development Commission representing District 4, but I am delivering this message on my own behalf as a resident of our City.

I strongly urge the Council to adopt the recommendation from Councilmembers Jimenez, Peralez, and Carrasco stated in Item 4.3. It has been widely reported that San José is on track to meet its market rate housing goals, but is failing miserably in meeting its affordable housing goals, and we must look at every option to increase the available resources to address this.

San José must do better and cannot stay behind on this critical issue. Santa Clara County and cities all around us have already completed their study of the Commercial Linkage Fee to learn about what can be assessed on new commercial developments to support the building of affordable housing.

We must not fall into the fears that fees will hinder development or growth, because San José continues to expand and be a prime international destination for businesses and for people to find a community.

I thank Councilmembers Jimenez, Peralez and Carrasco for their support on this matter, and urge the Council to adopt their recommendations. Thank you.

sv@home

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Leslye Corsiglia
Executive Director

TRANSMITTED VIA EMAIL

March 8, 2019

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 Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Carrasco, Esparza, Foley, Khamis, and Peralez,

Re: 4.3 Commercial Linkage Fee Scope and Timeline

On behalf of our members and the undersigned organizations, we are pleased to write in strong support of the staff recommendation to move forward with preparation of a Nexus and Feasibility study for a Commercial Linkage Fee (CLF). We thank both staff and the Council for their persistence and effort to get us to this moment.

As identified in the staff report, the lack of resources for affordable housing is the primary barrier standing in the way of meeting the city's goal of building 10,000 new affordable units by 2022. With an optimistic analysis of San Jose's available resources, and leveraging every source of outside funds, staff estimates that only 5,600 new affordable homes can be built in this time frame without identifying an additional ongoing source of funding.

CLFs have become a standard tool in a city's housing toolbox. On Tuesday night the Milpitas City Council voted unanimously to join neighboring cities including Fremont, Palo Alto, Mountain View, Cupertino, Sunnyvale, and Santa Clara to adopt this tool. Adopted fees range from a low of $8 in Fremont and Milpitas to a high of $35 in Palo Alto. As city staff has acknowledged, defining this study for San Jose poses challenges. San Jose is clearly larger than its neighbors, with differing geographies and economic submarkets. As a result, this will require a more complex study that takes into account a wider variety of factors.

While there are a broad range of interests invested in the results of this study, in the end it will be the council that will weigh whether the fees are feasible and at what level they should be set to support the critical need for affordable housing while avoiding deterring non-residential development. In order to make this decision easier, it is important that these studies provide a useful framework and context. As planned, Tuesday will be the last opportunity for council engagement before the study comes back for action.

350 W. Julian Street, Building 5, San José, CA 95110
408.780.2261 • www.svathome.org • info@siliconvalleyathome.org

To that end we raise two concerns:

Variety of Development Types – While we agree with the importance of considering a variety of development prototypes to capture the complexity of San Jose's market, **we believe strongly that the prototypes that are studied must be identified through a public process.** The staff has included 16 different models and has suggested that this list will be narrowed after consultation with the consultant. Were the study to proceed without considering an important prototype, this would call into question the veracity of the study itself. Note that on December 11th when the council voted to move forward with the studies, it identified priority prototypes, including "high tech office, retail, industrial and office." All of these prototypes should be pursued.

Sensitivity Analysis - To provide council with a useful framework for this critical policy discussion, the study must include analysis of the impact of potential shifts in development costs, or income potential, on the feasibility of fees at different levels. **We can't know for certain what commercial development will look like in San Jose five years from now, but we must explore the potential impacts of planned changes already underway.** Similarly, it may seem reasonable that fees could be adjusted in the future to respond to changes in the market, but these adjustments can be slow and generally miss the moment they hope to catch.

Lastly, we request that the council consider how it can reduce the 18-month timeline for preparation of these studies. **Waiting until June of 2020 to make this decision—knowing that it will take more time to prepare an ordinance and begin collecting any fees—does not recognize the severity of the housing crisis we face.** The current pipeline for commercial development in San Jose is significant. We cannot afford to miss this opportunity to address the additional demands for affordable housing this development will produce.

We are pleased that staff has proposed a robust stakeholder outreach component to inform the design of the study and look forward to participating in these discussions.

Thank you for taking this significant action.

Sincerely,

Leslye Corsiglia, Executive Director, SV@Home

Louis Chicoine, Executive Director, Abode Services

Jim Silverwood, President and CEO, Affirmed Housing

Dan Wu, Executive Director, Charities Housing

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Andrea Osgood, Director of Real Estate Development, Eden Housing

Geoffrey Morgan, President and CEO, First Communities Housing

Janice Jensen, President and CEO, Habitat for Humanity East Bay/Silicon Valley

Kevin Zwick, CEO, Housing Trust Silicon Valley

Nadia Aziz, Supervising Attorney, Law Foundation of Silicon Valley

Matt Franklin, President, MidPen Housing

Poncho Guevara, Executive Director, Sacred Heart Community Service

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March 8, 2019

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 Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Carrasco, Esparza, Foley, Khamis, and Peralez,

Re: 4.3 Commercial Linkage Fee Scope and Timeline

First Community Housing strongly supports the Nexus and Feasibility Study for the Commercial Linkage Fee.

Since its inception in 1986, FCH has developed housing for over 1400 households, with another 800 units in the pipeline. We serve low-income populations including individuals, families, senior citizens, and those with special needs like chronic and mental illness and developmental disabilities.

Working in affordable housing, we have seen firsthand how a lack of housing supply, coupled with a lack of funds to support affordable housing development, have caused a regional crisis.

We agree with SV@Home's concerns. We believe the development prototypes need to be identified up front and that they should include at least the types already identified by council. We also think that, in order to be useful, the feasibility analysis must include a sensitivity analysis that considers potential shifts in development costs and income potential.

We are enthusiastic that the process to study the implementation of a CLF is moving forward, and we would like to encourage the Council to approve a healthy budget, a quick timeline, and a clear direction to proceed.

Lastly, we would like to thank you sincerely for taking action.

Sincerely,

[redacted]

Geoffrey Morgan
President & CEO
First Community Housing

75 E. Santa Clara Street, Suite 1300
San Jose, California 95113-1837