

TRANSMITTED VIA EMAIL

September 23, 2019

Honorable Mayor Sam Liccardo and Members of the City Council
City of San Jose
200 E. Santa Clara, 18th Floor
San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Esparza, Foley, Jimenez, Khamis, and Peralez,

Re: Item 4.8 Actions Related to the Revenue Capture Agreement with eBay Inc.

We write to you today in support of the memo from Councilmembers Esparza, Carrasco, and Jimenez that would direct new revenue generated from the City's Revenue Capture Agreement with eBay to the City's Affordable Housing Fund.

A recent U.S. Supreme Court decision, followed by the passage of Assembly Bill 147, has created a tremendous opportunity for the City of San Jose. While the staff report notes that the City has historically collected less sales tax revenue than neighboring cities such as Palo Alto, Campbell, and Santa Clara, the passage of AB 147 will enable San Jose to collect significant new sales tax revenue from eBay, one of the largest marketplace providers in the nation, through a Revenue Capture Agreement. According to the staff report, it is estimated that this agreement could generate up to \$29.5 million in net new revenue for the City.

Not having planned for this significant injection of net new revenue, the City must now consider how it will direct these new funds. Given the housing crisis faced by the City and the challenges relating to the cost of new residential development (as will be discussed by the Council at today's meeting and at another scheduled for November 5th), **the City should act to immediately dedicate these new funds for the acquisition, preservation, and construction of affordable housing for lower-income families and individuals who are struggling to afford to live in San Jose.**

We appreciate San Jose's leadership in addressing its housing crisis. One thing is for certain--we need every tool in the toolbox and multiple revenue sources to begin to address the City's growing affordable housing needs.

Sincerely,

[Redacted signature]

[Redacted signature]



San Jose City Council
9/23/2019
Re: Revenue Capture Agreement with ebay
Page 2 of 2

Leslye Corsiglia
Executive Director



The Honorable Mayor Sam Liccardo and Members of the City Council

San Jose City Hall

200 E. Santa Clara

San Jose, CA 95113

RE: Item 4.8: Revenue Capture Agreement Between City of San Jose and eBay Inc.

Honorable Mayor and Councilmembers,

We write in support of the memorandum co-authored by Councilmembers Esparza, Carrasco, and Jimenez, which calls for using the funds generated from the Revenue Capture Agreement with eBay towards the City's Affordable Housing Fund. This proposal would generate critical resources to support priorities that our communities urgently need: homelessness solutions, neighborhood services, and the rehabilitation, preservation, and construction of affordable housing.

At approximately 11 percent of the City's modified budget for sales tax, the Revenue Capture Agreement with eBay will channel much-needed revenues into the City's General Fund. It behooves the City to ensure that this influx is directed towards San Jose's crisis-level issues. Working people across the city are in dire need of meaningful investment in the affordable housing supply. Currently, over 6,000 San Jose residents have been forced into homelessness, a 40 percent increase since 2017. It's no secret that more and more working families are struggling to make ends meet amidst a skyrocketing cost of living, and many teeter dangerously close to homelessness or displacement from their longtime homes in San Jose.

Critical neighborhood services such as anti-litter efforts, homelessness response, and vehicle abatement are also sorely in need of investment. As a fiscally constrained city, San Jose has been unable to provide these services at the consistently strong level needed to ensure that all residents, regardless of neighborhood, enjoy a high quality of life. Allocating these additional resources will address some of the most frequently repeated constituent concerns.

The estimated \$29.5 million in annual revenue generated by this agreement with eBay represents a real opportunity to act on some of San Jose's most pressing concerns, particularly the lack of affordable housing. We applaud Councilmembers Esparza, Carrasco, and Jimenez for their efforts to advance meaningful solutions to City-wide crises and urge Council to support this proposal.

Sincerely,

Jeffrey Buchanan

Director of Public Policy

Nadia Aziz

Directing Attorney