



September 19, 2019

Honorable Mayor & City Councilmembers  
City of San Jose  
200 East Santa Clara Street, 18th Floor  
San Jose, CA 95113

**RE: Housing Crisis Workplan Update (Item 4.2 on 9/24/19 Council Agenda)**

Dear Mayor Liccardo and Members of the City Council,

On behalf of [REDACTED], I write in support of Councilmember Peralez's September 18th memorandum and, in particular, his recommendation to:



*"Develop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area, including a minimum percentage of Extremely Low Income (ELI) housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan."*

PATH is committed to addressing homelessness in San Jose, and assisting each of our homeless neighbors off the street and into forever homes, but in order for our work to be most effective, we must make dramatic improvements in increasing the supply of affordable housing for the people we serve.

Although our region's affordable housing crisis touches residents of all means, data suggests that our housing deficit and the resulting impacts are most severe at the ELI level. The National Low Income Housing Coalition's 2019 report, *The Gap*, looked at the number of affordable and available rental units in our community and found that there were only 16,902 affordable and available rental units for the 55,591 ELI renter households in the San Jose metro area. This translates to only 30 affordable and available units for every 100 ELI renter households.

As a committed partner in the City's fight to end homelessness, we ask that you take every action to increase the supply of housing for those who are most in need.

Sincerely,

  
v  
Megan Colvard  
Regional Director- 

[REDACTED]

September 19, 2019

[REDACTED]

***RE: Housing Crisis Workplan (Item 4.2 on 9/24/19 Council Meeting Agenda)***

[REDACTED]

On behalf of the [REDACTED], I write in support of Councilmember Perez's September 18th memorandum and his recommendation to:

*Develop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area, including a minimum percentage of Extremely Low Income (ELI) housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan.*

This recommendation is particularly timely as the City begins work on a detailed Diridon Affordable Housing Implementation Plan to achieve its area-wide affordable housing goal. By setting a bold Extremely Low Income housing target (approximately 10% of the overall units) at the outset, we can ensure that this plan incorporates strategies for achieving a significant amount of housing for our lowest-income residents.

ELI households are the most vulnerable members of our community and earn less than 30% of the area's median income. Compared to their very low income, low income and moderate income counterparts, ELI households are much more severely rent burdened and have far fewer affordable housing options available to them. In fact, the National Low Income Housing Coalition has found that there are only 30 affordable and available rental units for every 100 ELI households in the San Jose metro area. Furthermore, the lack of ELI housing in our community is one of the greatest contributing factors to the growing homelessness crisis impacting our entire community.

As you consider this proposal, it's also important to recognize that there are several resources that can be leveraged to develop a significant amount of new ELI housing in our community. On October 3<sup>rd</sup>, the Santa Clara County Housing Authority Board will consider a policy that will similarly prioritize Project Based Vouchers towards units serving our lowest-income households. In fact, 81% of the households coming off our wait list in FY 2019 were ELI households.

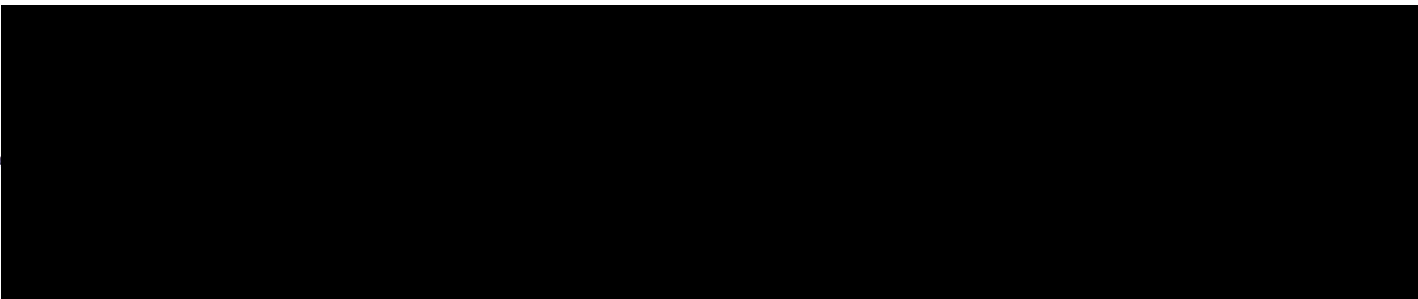
In addition, Google's stated intention to invest nearly \$1 billion of its own resources into affordable housing, as well as its previous commitment to contribute significant dollars towards community benefits, opens up several paths for how significant new ELI housing could be integrated into plans for the Diridon Station Area.

We have a unique opportunity to facilitate a more equitable form of development - and to ensure that the housing built is affordable to residents across a variety of income levels, including ELI households. We hope that the City will take the first step towards addressing our community's affordable housing needs by voting in support Councilmember Perez's memorandum.

Sincerely,

A black rectangular redaction box covering the signature of Katherine Harasz.

Katherine Harasz  
Executive Director



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  
September 19, 2019

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

Re: Item 4.2 – Housing Crisis Workplan

The Council took important and significant action last December when it approved a Commercial Impact/Linkage Fee Nexus and Feasibility Study and directed staff to return in February with a detailed scope of work. On March 12, after a discussion characterized by urgency, recognizing a growing number of proposals for jobs generating commercial developments throughout the city, the Council gave staff the following direction:

Bring back the final study results and policy proposals to Council no later than January 2020, or as soon as possible, for consideration.

We write today to express our concern that—according to the staff report—the Nexus and Feasibility Studies for the Commercial Impact Fee may not return to the City Council until June of 2020, a delay of five months.

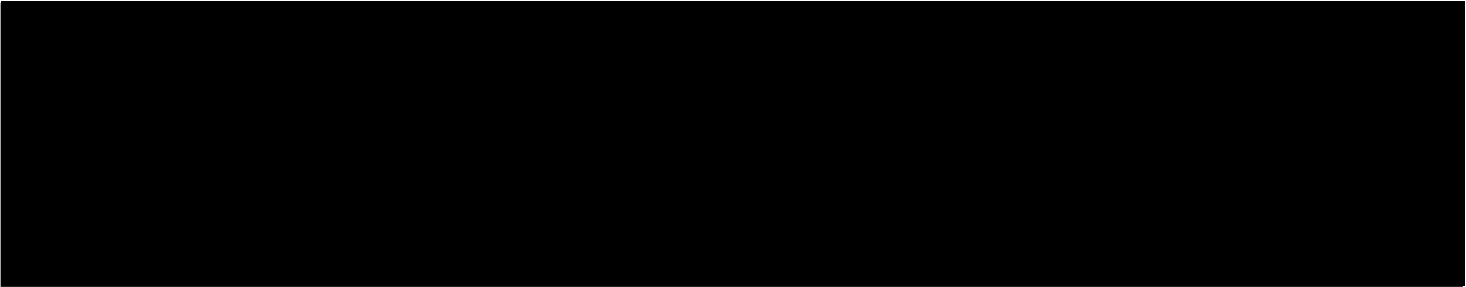
While we understand that this is a complicated study, and that there were delays in bringing the detailed scope of work back to Council for consideration in March, we are concerned that the RFP was not issued for over three months, and that it appears to have taken at least an additional six weeks to choose a consultant and finalize a contract. Nexus and Feasibility studies for CIF ordinances are quite common, and the selected consultant, Keyser Marston, has completed numerous such studies. In fact, since receiving council direction in March, staff has commissioned and completed a number of other Nexus and Feasibility studies.

We recommend that Council:

- Request that staff return with a completed study and policy proposals by January as directed.
- If staff believes that they cannot meet this deadline, they should be directed to include an attachment/rider on all planning permits for nonresidential developments city-wide similar to those being issued in the Diridon Station Area. This attachment should notify developers that the City is in the process of developing a Commercial Impact Fee to fund affordable housing, and that these fees, once determined, will be included in the fees due prior to the approval of final building permits.

It may seem as though five months won't make a difference. However, we believe that the delay will have measurable impact. Over 9 million square feet of non-residential development has entered some stage of the pipeline since Council approved the Nexus and Feasibility study in December. As projects





continue to progress we estimate the costs of the delay in uncollected fees will be between \$20 and \$40 million – enough to fund 160 to 320 affordable homes.

San Jose residents are facing a housing crisis. We urge the Council to take action to move forward with urgency in response.

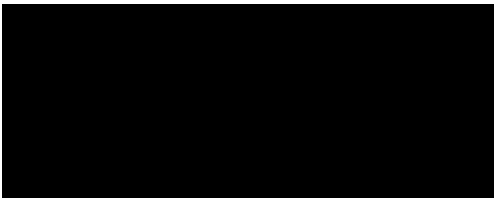
Sincerely,



Sparky Harlan

Chief Executive Officer





September 19, 2019

[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

**RE: Housing Crisis Workplan Update (Item 4.2 on 9/24/19 Council Agenda)**

[Redacted]

On behalf of [Redacted], I write in support of Councilmember Perez's September 18th memorandum and, in particular, his recommendation to:

*"Develop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area, including a minimum percentage of Extremely Low Income (ELI) housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan."*

This recommendation is particularly timely given the City will soon begin work on a detailed Diridon Affordable Housing Implementation Plan to achieve the Council's area-wide affordable housing goal. By setting a bold Extremely Low Income housing target (approximately 10% of the overall units) upfront, we can ensure that this plan incorporates strategies for achieving a significant amount of housing for our lowest-income residents.

As you know, ELI households are the most vulnerable members of our community and earn less than 30% of the area's median income. Compared to their very low income, low income and moderate income counterparts, ELI households are much more severely rent burdened and have far fewer affordable housing options available to them. In fact, the National Low Income Housing Coalition has found that there are only 30 affordable and available rental units for every 100 ELI households in the San Jose metro area. Furthermore, the lack of ELI housing in our community is one of the greatest contributing factors to the growing homelessness crisis impacting our entire community [see the attached Case Statement for ELI Housing].

As you consider this proposal, it's also important to recognize that there are several resources that can be leveraged to develop a significant amount of new ELI housing in our community.

- Thanks to the leadership of Councilmembers Davis & Esparza, and the unanimous support of the Council, the City has already adopted a policy to allocate 45% of its affordable housing funds to ELI units.
- Several other public agencies have dedicated funding towards ELI housing as well. The County of Santa Clara's Measure A bond program has allocated about \$700 million of its Measure A bond funds towards serving ELI households and the Santa Clara County Housing Authority similarly prioritizes Project Based Vouchers (a key funding tool) towards units serving our lowest-income households. In addition, significant new money at the State-level (i.e. SB3, the 2018 state housing bond) could also help fund and develop deeply affordable housing.

[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]



- Furthermore, Google's stated intention to invest nearly \$1 billion of its own resources into affordable housing, as well as its previous commitment to contribute significant dollars towards community benefits, opens up several paths for how significant new ELI housing could be integrated into plans for the Diridon Station Area.

Of course, we know that there are several other steps we must take to address our community's affordable housing needs. We must find ways to generate additional dollars for affordable housing, and we appreciate Councilmember Perez's additional recommendation to accelerate work on a Commercial Linkage Fee.

We must also revisit our land use plans to ensure we are maximizing housing development capacity in key areas, like the Diridon Station Area. In particular, we support SV@Home's call to plan for 10,000 new homes in the area, and to revise both the Diridon Station Area Plan and General Plan to accommodate such growth.

We have a unique opportunity to facilitate a more equitable form of development - and to ensure that the housing built is affordable to residents across a variety of income levels, including ELI households. Now is the time to take bold action. Let's take the first step towards addressing our community's affordable housing needs by voting in support of Councilmember Perez's memorandum.

Sincerely,

Jennifer Loving  
CEO

[REDACTED]

[REDACTED]

## The Case for Prioritizing Affordable Housing for Extremely Low Income (ELI) Households

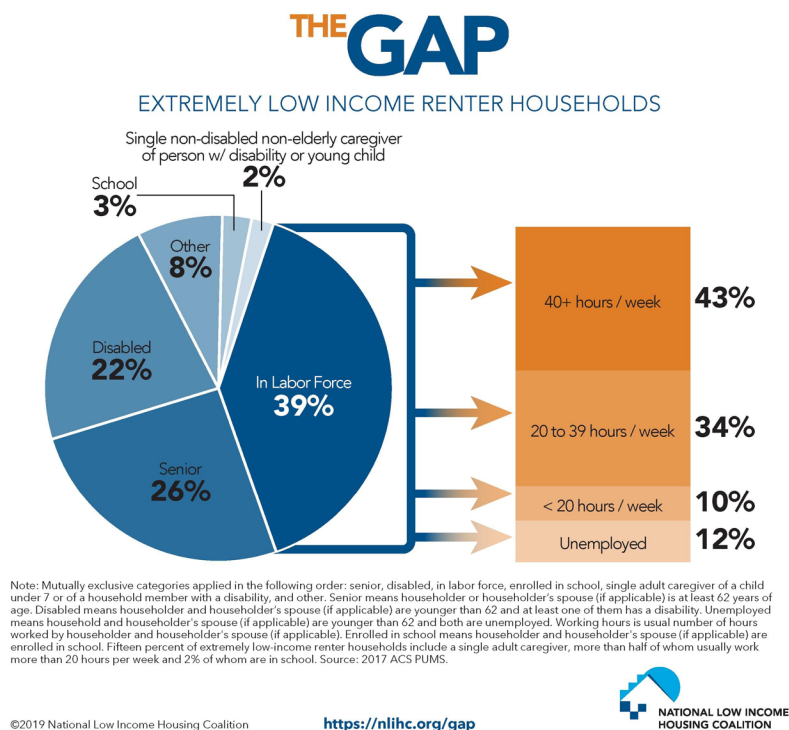
While California's historic housing crisis grows deeper every day, its impacts are not felt equally. In fact, it is **extremely low income (ELI) households** who are disproportionately impacted by the lack of affordable housing in our region - creating not only tragic results for these vulnerable residents, but serious impacts for our entire community. As we forge strategies to solve our crisis, we must take steps to prioritize the production of more affordable housing for ELI households.

### THE PROFILE OF AN ELI HOUSEHOLD

Extremely low income (ELI) households represent the lowest-earning households in our community and are defined as those who make less than 30% of the area's median income.<sup>1</sup>

In Santa Clara County, a one-person household making less than \$30,750 or a four-person household making less than \$43,900 would fall in the ELI category.<sup>2</sup> With such low incomes in an extremely expensive region, ELI households struggle daily to cover the cost of housing and other basic needs.

ELI households also share many of the same characteristics of the most marginalized members of our community, and a report by the National Low Income Housing Coalition, titled *The Gap*, detailed the profile of ELI households in the U.S.<sup>3</sup>



- A large portion of ELI households have exited the workforce or are living on fixed incomes. In fact, 48% of ELI households include seniors and/or individuals with a disability.
- In addition, many ELI households are employed, but at extremely low wages. 39% of ELI households are in the labor force - 43% of whom work 40+ hours per week.
- Finally, minority households are far more likely to fall in the ELI category than white households: 20% of black households, 18% of American Indian or Alaska Native households, and 16% of Hispanic households are ELI renters - compared to only 6% of White non-Hispanic households.

<sup>1</sup> In comparison, very low income (VLI) households make between 30% and 50% of the area's median income, and low income (LI) households make between 50% and 80% of the area's median income.

<sup>2</sup> U.S. Department of Housing and Urban Development income limits for Santa Clara County as of April 24, 2019 <https://www.scchousingauthority.org/section-8-housing-programs/waiting-lists-applicants/income-limits/>

<sup>3</sup> National Low Income Housing Coalition, *The Gap* (2019). [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2019.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf)

## **ELI HOUSEHOLDS ARE DISPROPORTIONATELY AFFECTED BY THE REGION'S LACK OF AFFORDABLE HOUSING**

The region's affordable housing crisis touches residents of all means. However, the data reveals that our housing deficit and the resulting impacts are most severe at the ELI level.

A 2007 San Jose State University study evaluated the affordable housing need and planned production in Santa Clara County for the next 20 years. The study found the greatest affordable housing deficit, by far, at the ELI level. In fact, the researchers projected **an unmet need of 34,364 ELI housing units - 10x greater than the unmet need at any other income level.**<sup>4</sup>

### **Housing Need and Funding, 2005–2024**

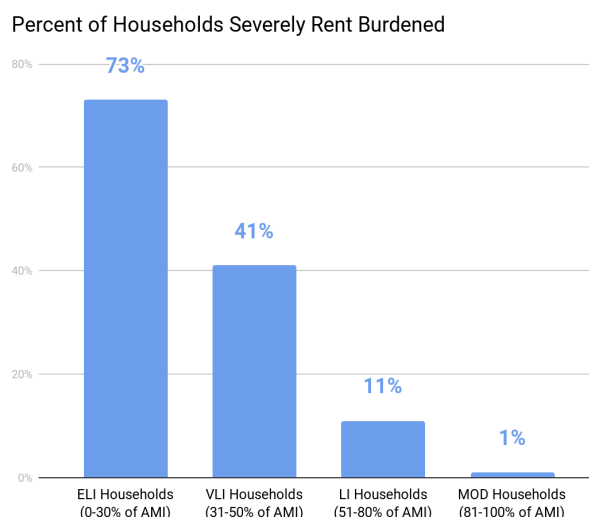
	ELI (0–30% AMI)	VLI (31–50% AMI)	LI (51–80% AMI)	MOD (81–120% AMI)	Total
Gross/Total Need	42,483	12,978	13,260	22,187	90,908
Planned Production	8,119	10,148	16,237	19,089	50,616
Unmet Need	34,364	2,830	-	3,098	40,292
Funding Gap*	\$3,780,040,000	\$198,100,000	\$0	\$154,900,000	\$4,133,040,000

\*The funding gap is the additional local subsidy required over the next 20 years to develop a sufficient number of affordable units to meet the unmet need.  
Sources: San Jose State University, The Institute for Metropolitan Studies, 2005; US Census, 2004.

Unfortunately, the situation has not improved since that study was released. The National Low Income Housing Coalition's 2019 report, *The Gap*, looked at the number of affordable and available rental units (both deed-restricted units and those available in the private market) at different income levels. They found that there were only 16,902 affordable and available rental units for the 55,591 ELI renter households in the San Jose metro area. This translates to only **30 affordable and available units for every 100 ELI renter households.**<sup>5</sup>

The lack of affordable housing also impacts ELI households far more severely than households in higher income brackets.

*The Gap* report found that **73% of ELI renter households in the San Jose metro area are severely cost-burdened** and spend more than 1/2 of their income on rent and utilities. These severe rent burdens place ELI households at a much greater risk for not only housing instability, but a variety of other impacts, including: poor health, reduced economic mobility, and lower cognitive development and academic achievement among children.<sup>6</sup>



<sup>4</sup> Shishir Mathur and Alicia Parker, *Housing Silicon Valley: A 20 Year Plan to End the Affordable Housing Crisis* (2007). [http://scholarworks.sjsu.edu/cgi/viewcontent.cgi?article=1016&context=urban\\_plan\\_pub](http://scholarworks.sjsu.edu/cgi/viewcontent.cgi?article=1016&context=urban_plan_pub)

<sup>5</sup> National Low Income Housing Coalition, *The Gap* (2019). [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2019.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf)

<sup>6</sup> National Low Income Housing Coalition, *The Gap* (2019). [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2019.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf)

## **THE LACK OF ELI HOUSING & OUR HOMELESSNESS CRISIS**

There is broad consensus among experts that the lack of affordable housing for our lowest-income households serves as a major cause of our homelessness crisis.

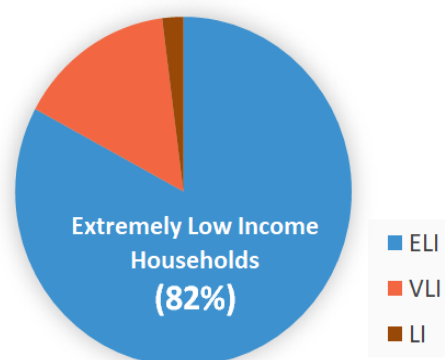
As the Bay Area Council Economic Institute noted in its 2019 report, *Bay Area Homelessness*: “For extremely low-income (ELI) households - those earning less than 30 percent of the area median income - the Bay Area’s expensive housing market dramatically narrows the margin between housing insecurity and homelessness.”<sup>7</sup>

In fact, data from the Homelessness Prevention System in Santa Clara County shows that **ELI households comprised 82% of all those assessed as being at high-risk of falling into homelessness.**<sup>8</sup>

In contrast, higher income households have significantly more discretionary income and savings - and even those who are severely rent-burdened are less likely than similarly rent-burdened ELI households to fall behind on rent or be threatened with eviction.<sup>9</sup>

Furthermore, the lack of ELI housing constrains our ability to connect more homeless individuals with permanent housing, as **most households experiencing or exiting homelessness can only afford housing targeted for ELI residents.**

**Households Receiving a High Risk Assessment  
by the Homelessness Prevention System  
(by Income Level)**



It’s important to remember that the impacts are not limited to those who find themselves without a home. The truth is that we all suffer the consequences of the lack of ELI housing and its resulting contribution to homelessness. And nowhere is this cost more apparent than the \$520 million in public safety, health care, criminal justice and other public services attributed to homelessness each year in Santa Clara County.<sup>10</sup>

## **WHY DOESN’T MORE ELI HOUSING GET BUILT?**

There are several barriers to producing housing for ELI households, both in the private market and when subsidized by the government.

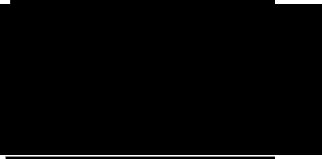
First, the current economic climate has made it financially undesirable - and infeasible - for most private developers to construct housing that’s affordable for ELI households. The rent an ELI household can afford to pay is not only far short of what a new apartment can demand on the open market, it is typically insufficient to cover the cost of constructing, operating and maintaining the unit. A “market solution” simply does not exist for ELI households in our region.

<sup>7</sup> Bay Area Council Economic Institute, *Bay Area Homelessness: A Regional View of a Regional Crisis* (2019). [http://www.bayareaeconomy.org/files/pdf/Homelessness\\_Report\\_2019\\_web.pdf](http://www.bayareaeconomy.org/files/pdf/Homelessness_Report_2019_web.pdf)

<sup>8</sup> HMIS data for the Santa Clara County Homelessness Prevention System, as reported in August 2019.

<sup>9</sup> *The 2015 Annual Homeless Assessment Report to Congress, Additional Forms of Homelessness and Housing Instability*. <https://www.hudexchange.info/onecpd/assets/File/2015-AHAR-Part-2-Additional-Forms-of-Homelessness-and-Housing-Instability.pdf>

<sup>10</sup> Daniel Flaming, Halil Toros and Patrick Burns, Economic Roundtable, *Home Not Found: Cost of Homelessness in Silicon Valley* (2015). [https://destinationhomesv.org/wp-content/uploads/2015/05/er\\_homenotfound\\_report\\_6.pdf](https://destinationhomesv.org/wp-content/uploads/2015/05/er_homenotfound_report_6.pdf)



Even worse, these same economic forces are pushing more of the *existing* housing stock out of reach for ELI households here in Santa Clara County. Between 2011 and 2017, the least expensive quartile of housing units saw rents increase 36% while incomes for ELI households grew only 15 percent.<sup>11</sup>

**Sadly, the production of publicly-financed affordable housing for ELI households faces challenges as well.** Compared to affordable housing at higher income levels, ELI housing requires a greater public investment because it generates less ongoing rent revenue. In addition, stigmas associated with “low-income housing” often translate to neighborhood opposition that slows or deters new ELI housing development.

These challenges have meant that ELI housing is often passed over in favor of affordable housing for higher income households. According to the Bay Area Council Economic Institute, in 2018, only 12% of the units funded using Low Income Housing Tax Credits (the country’s signature source of financing for affordable housing) were for ELI households.<sup>12</sup>

## **PRIORITIZING AFFORDABLE HOUSING FOR ELI HOUSEHOLDS**

We must take immediate action to address the enormous deficit of ELI housing in our community and the myriad of serious impacts it has caused.

In order to significantly accelerate ELI housing production, we will have to shift our policymaking lens from treating all types of affordable housing equally to properly prioritizing and incentivizing the type of housing our community most desperately needs.

Here in Santa Clara County, we’ve seen a few local jurisdictions take this important step:

- The County of Santa Clara’s Measure A bond (approved by voters in 2016) allocated about 3/4 of its \$950 million in revenues towards ELI housing, and its subsequent NOFA guidelines require that developments include a minimum percentage of ELI housing (and/or a minimum percentage of supportive housing) in order to qualify for funding.<sup>13</sup>
- In April 2019, the City of San Jose adopted a first-of-its-kind affordable housing investment policy that allocates 45% of its total affordable housing funds towards ELI housing production. At the time of its adoption, the new investment policy was projected to generate an additional \$80 million in funding for ELI housing over the next five years.<sup>14</sup>

Thanks to the leadership of these jurisdictions, more than one thousand new ELI housing units are now moving their way through the local development pipeline.

But the data clearly demonstrates that we have far more work to do.

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<sup>11</sup> Bay Area Council Economic Institute, *Bay Area Homelessness: A Regional View of a Regional Crisis* (2019). [http://www.bayareaeconomy.org/files/pdf/Homelessness\\_Report\\_2019\\_web.pdf](http://www.bayareaeconomy.org/files/pdf/Homelessness_Report_2019_web.pdf)

<sup>12</sup> Bay Area Council Economic Institute, *Bay Area Homelessness: A Regional View of a Regional Crisis* (2019). [http://www.bayareaeconomy.org/files/pdf/Homelessness\\_Report\\_2019\\_web.pdf](http://www.bayareaeconomy.org/files/pdf/Homelessness_Report_2019_web.pdf)

<sup>13</sup> Santa Clara County Office of Supportive Housing website (updated July 23, 2019). <https://www.sccgov.org/sites/osh/HousingandCommunityDevelopment/AffordableHousingBond/Pages/home.aspx>

<sup>14</sup> Emily DeRuy, The Mercury News, *San Jose boosts affordable housing funding for poorest residents* (April 10, 2019). <https://www.mercurynews.com/2019/04/09/san-jose-council-approves-converting-market-rate-housing-to-affordable-housing/>



We need more local jurisdictions in Santa Clara County - as well as elected leaders at the State and Federal level - to similarly adopt affordable housing policies that prioritize housing for ELI households:

	<b>Policy Actions to Accelerate ELI Housing Production</b>
<b>LOCAL Policymakers</b>	<p>Local jurisdictions should dedicate a significant portion of their affordable housing funding streams towards ELI housing.</p> <p>When issuing affordable housing NOFAs or RFPs to develop housing on public land, priority should be given to developments that include ELI housing units.</p> <p>When upzoning sites or taking other value-enhancing land use actions, local jurisdictions should impose a higher affordable housing requirement that includes a minimum percentage of ELI units.</p>
<b>STATE Policymakers</b>	<p>To incentivize ELI housing production at the local level, the State of California should:</p> <ol style="list-style-type: none"><li>1. Dedicate a portion of its Low Income Housing Tax Credits to ELI units.</li><li>2. Consider a pilot program that provides matching funds to local jurisdictions that invest their own local resources into ELI housing.</li></ol> <p>Any legislation designed to speed up the development process for affordable housing projects should require or incentivize the inclusion of ELI units in order to qualify.</p>
<b>FEDERAL Policymakers</b>	<p>Congress should increase funding to affordable housing grant programs that specifically target our lowest-income households (like the Housing Trust Fund) and set minimum ELI housing targets for existing affordable housing grant programs (like CDBG &amp; HOME).</p> <p>The Federal government should provide local Housing Authorities with:</p> <ol style="list-style-type: none"><li>1. Additional housing voucher allocations to meet the growing need.</li><li>2. Flexibility to expand the use of Project Based Vouchers (PBVs), which serve as a key ongoing funding mechanism for ELI housing developments.</li></ol>

As we work to build more affordable housing for ELI households, we should also consider actions that would increase the assistance and/or incomes of ELI households. This includes:

- Increasing the minimum wage and expanding opportunities for extremely low-income households to earn a living wage.
- Helping vulnerable families by increasing funding for Child Welfare programs, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).
- Ensuring that disabled persons can meet their basic needs by increasing Supplemental Security Income (SSI) payments, the State Supplementary Payment (SSP) program, the Social Security Disability Insurance (SSDI) program, and expanding Medi-Cal Assisted Living Waiver programs.

Now's the time to take concrete steps to address the devastating impacts that our housing crisis is causing on ELI households and build the type of affordable housing that our community most desperately needs.

**From:** Mathew Reed

**Sent:** Friday, September 20, 2019 10:32 PM

**To:** [REDACTED]

[REDACTED]

**Subject:** Re: Item 4.2 – Housing Crisis Workplan - Commercial Linkage Fee

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

On behalf of the undersigned organizations, please see the attached letter of comment on Item 4.2 – Housing Crisis Workplan – Commercial Linkage Fee.

Mathew Reed  
Policy Manager

**TRANSMITTED VIA EMAIL**

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

September 19, 2019

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

**Re: Item 4.2 – Housing Crisis Workplan**

The Council took important and significant action last December when it approved a Commercial Impact/Linkage Fee Nexus and Feasibility Study and directed staff to return in February with a detailed scope of work. On March 12, after a discussion characterized by urgency, recognizing a growing number of proposals for jobs generating commercial developments throughout the city, the Council gave staff the following direction:

Bring back the final **study results and policy proposals** to Council no later than **January 2020, or as soon as possible**, for consideration. (*The full memo authored by Mayor Liccardo that amended the staff report is attached.*)

**We write today to express our concern that—according to the staff report-- the Nexus and Feasibility Studies for the Commercial Impact Fee may not return to the City Council until June of 2020, a delay of five months.**

While we understand that this is a complicated study, and that there were delays in bringing the detailed scope of work back to Council for consideration in March, we are concerned that the RFP was not issued for over three months, and that it appears to have taken at least an additional six weeks to choose a consultant and finalize a contract. Nexus and Feasibility studies for CIF ordinances are quite common, and the selected consultant, Keyser Marston, has completed numerous such studies. In fact, since receiving council direction in March, staff has commissioned and completed a number of other Nexus and Feasibility studies.

**We recommend that Council:**

- Request that staff return with a completed study and policy proposals by January as directed.
- If staff believes that they cannot meet this deadline, they should be directed to include an attachment/rider on all planning permits for non-residential developments city-wide similar to those being issued in the Diridon Station Area. This attachment should notify developers that the City is in the process of developing a Commercial Impact Fee to fund affordable housing, and that these fees, once determined, will be included in the fees due prior to the approval of final building permits.

It may seem as though five months won't make a difference. However, we believe that the delay will have measurable impact. Over 9 million square feet of non-residential development has entered some stage of the pipeline since Council approved the Nexus and Feasibility study in December. As projects continue to progress we estimate the costs of the delay in uncollected fees will be between \$20 and \$40 million – enough to fund 160 to 320 affordable homes.

San Jose residents are facing a housing crisis. We urge the Council to take action to move forward with urgency in response.

Sincerely,




Leslye Corsiglia, Executive Director, 

Nadia Aziz, Supervising Attorney, 

Matt Franklin, President, 

Poncho Guevara, Executive Director, 

Laura Hall, President and CEO, 

Jennifer Loving, CEO, 

Derecka Mehrens, Executive Director, 

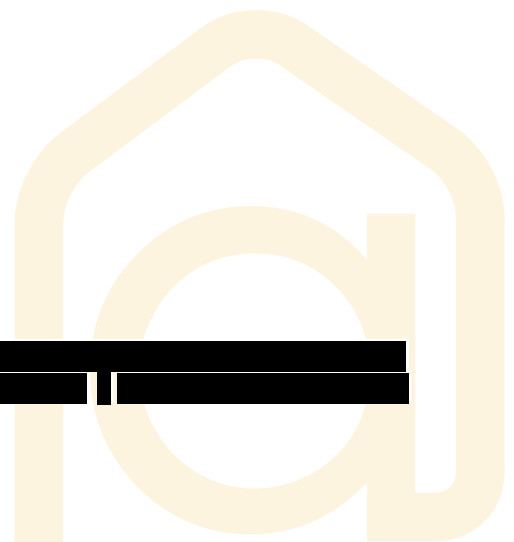
Geoffrey Morgan, President and CEO, 

Rob Wilkins, Regional Director - 

Dan Wu, Executive Director, 

Kevin Zwick, CEO, 







## *Memorandum*

To: CITY COUNCIL

From: Mayor Sam Liccardo

Subject: SEE BELOW

Date: March 12, 2019

Approved:

SUBJECT: COMMERCIAL LINKAGE FEE

### RECOMMENDATION

Approve the staff recommendations and the memo from Councilmembers Peralez, Jimenez and Carrasco with the following changes in **bold** and subtractions in ~~strikethrough~~:

1. Consider ~~December 7, 2018, Council directive of~~ **including** high tech office, **single user office**, retail, industrial, **hotel**, and office as commercial building types.
2. **Conduct sensitivity** analysis on the impact of ~~future upzoning and~~ potential shifts in development costs and income on the feasibility of fees for different types of non-residential development.
3. ~~Analysis on a broad range of variables that impact the cost of development in San Jose such as financing mechanisms and fluctuating real estate markets.~~
4. Ensure that the City's outreach plan include developers, ~~and employers~~ **and other stakeholders**.
5. Bring back the final ~~design~~ **study results and policy proposals** to Council no later than ~~Fall 2019~~ **January 2020, or as soon as possible**, for consideration.

September 23, 2019

Honorable Mayor and City Councilmembers  
City of San Jose  
200 East Santa Clara Street, 18th Floor  
San Jose, CA 95113

**RE: Housing Crisis Work Plan (Item 4.2 on September 24, 2019, Council Meeting Agenda)**

Dear Mayor Liccardo and Members of the City Council,

On behalf of [REDACTED], I write in support of Councilmember Peralez's September 18<sup>th</sup> memorandum, and in particular, his recommendation to develop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area. In addition, I strongly support the recommendation to ensure a significant percentage of these affordable housing units (10 percent) be for Extremely Low-Income Households (ELIs).

SVCF has made increasing the supply of affordable housing one of our highest institutional priorities as the City of San Jose and Silicon Valley continue to face a severe housing crisis. In 2018, SVCF made \$494 million in grants to charities in the nine counties that comprise the San Francisco Bay Area, making SVCF the single largest funder of important social issues in the region.

Silicon Valley has some of the highest economic growth in the country, topping the list of high-wage, high-growth jobs, and the largest percentage of venture capital investments. However, the economic prosperity is not widely shared in our communities, and because of an extremely limited housing supply—particularly for individuals with extremely low incomes—it is increasingly difficult for residents to live where they work. The ongoing failure to provide sufficient housing stock is a root cause of poverty in the region and puts our region's continued economic prosperity at risk.

Councilmember Peralez's recommendation is timely as the City begins to work on a detailed Diridon Affordable Housing Implementation Plan to achieve its area-wide affordable housing goal. By setting a bold target for ELI housing upfront (approximately 10% of overall units), we can ensure that this plan incorporates strategies for achieving a significant amount of housing for our lowest-income residents.

As you know, ELI households are the most vulnerable members of our community and earn less than 30% of the area's median income. Compared to their very low income, low income, and moderate income counterparts, ELI households are much more severely rent burdened and have far fewer affordable housing options available to them. In fact, the National Low Income Housing Coalition has found that there are only 30 affordable and available rental units for every 100 ELI households in the San Jose metro area. Furthermore, the lack of ELI housing in our community is one of the greatest contributing factors to the growing homelessness crisis impacting our entire community.

As you consider this proposal, it is also important to recognize that several resources can be leveraged to develop a significant stock of new ELI housing in our community:

[REDACTED]

- Thanks to the leadership of Councilmembers Davis and Esparza, and the unanimous support of the Council, the City has already adopted a policy to allocate 45% of its affordable housing funds to ELI units.
- Several other public agencies have dedicated funding towards ELI housing as well. The County of Santa Clara's Measure A Bond Program has allocated nearly \$700 million of those funds towards serving ELI households, and the Santa Clara County Housing Authority similarly has prioritized Project-Based Vouchers towards units serving our lowest-income households. Furthermore, significant new money at the State-level could also help fund and develop deeply affordable housing.
- In addition, Google's stated intention to invest nearly \$1 billion of its own resources into affordable housing—as well as its previous commitment to contribute significant dollars towards community benefits—opens several paths for significant new ELI housing developments in the Diridon Station Area.



Of course, we know that there are several other steps we must take to address our community's affordable housing needs. We must find ways to generate additional dollars for affordable housing, and we appreciate Councilmember Peralez's additional recommendation to accelerate work on a Commercial Linkage Fee.

We must also revisit our land use plans to ensure the maximization of housing development capacity in key areas, like the Diridon Station Area. In particular, we support SV@Home's call to plan for 10,000 new homes in the area, and to revise both the Diridon Station Area Plan and General Plan to accommodate such growth.


We have a unique opportunity to facilitate a more equitable form of development that ensures new housing is affordable to residents across a variety of income levels, including ELI households. Now is the time to take bold action and lead the rest of the Region and State on this issue.

We encourage you to take a bold step towards addressing our community's affordable housing needs by voting in support Councilmember Peralez's memorandum.

Sincerely,



Nicole Taylor  
President and CEO





**TRANSMITTED VIA EMAIL**

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

September 23, 2019

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

**Re: 4.2 Housing Crisis Workplan Update – GP Review**

When the City Council approved the Housing Crisis Workplan (HCWP) in June of 2018, it took on an ambitious and wide-ranging effort to reach the goal of 15,000 market-rate and 10,000 affordable residential units by 2022. This latest update shows that important progress is being made. Despite some concerns in March about a slowdown in the development pipeline, applications are back up. Some of the staffing hurdles are being overcome and the concierge team is coming together. While the challenges of meeting the affordable housing goals still face significant obstacles, the update also indicates significant opportunities ahead, including streamlining systems to open up the potential of both SB35 and AB2162, and the adoption of a Commercial Linkage Fee.

We know, however that continued progress will require expanded access to land for residential development. All indications are that the City will be required to plan for significantly more housing in the Regional Housing Needs Assessment (RHNA) cycle. As the City prepares its next Housing Element, this will require the City to identify many more sites that can accommodate these increased goals. **As the City embarks on the General Plan Four Year Review, this is the time to consider policies and actions that create more land opportunities for both market rate and affordable housing.**

The City Council has already directed that the Four Year Review include a number of items related to the HCWP that could move in this direction, including: increased flexibility in Urban Village policy on residential development (IP-5.5), reconsidering single-family zoning near transit, Integrating housing into neighborhood business corridors, expanding residential capacity in the Downtown and station areas, and allowing mixed-income developments ahead of Urban Village.

But, there are additional important land use items included in the HCWP that could be important to meeting the City's new RHNA targets. **We ask that the Council include these items in the work of the General Plan Four Year Review task force:**

- Explore opportunities for high-density residential development in areas surrounding San Jose State
- Pursue changes to the GP that would allow infill on problem properties
- Allow infill housing on isolated employment lands
- Identify non-viable commercial and office sites for housing

Honorable Mayor Sam Liccardo and Members of the City Council

September 23, 2019

Re: 4.2 Housing Crisis Workplan Update – GP Review

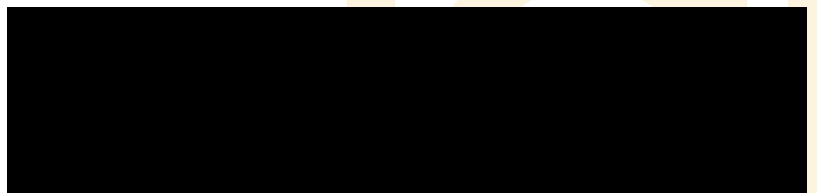
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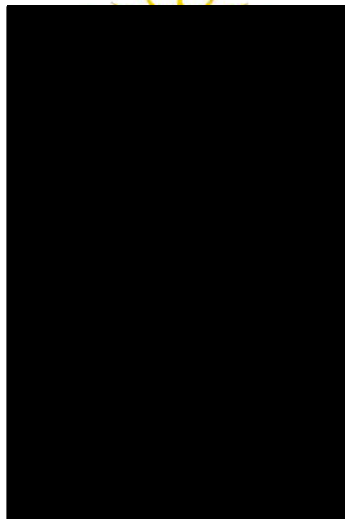
Most importantly these actions will further San Jose's housing goals, but they will also begin to shift attention to the longer term planning that will be required in the next RHNA cycle. As San Jose experiences an historic growth in commercial investment, it must look ahead to the challenge of having places to build homes for all those new jobs.

Sincerely,

A black rectangular redaction box covering the signature of Leslye Corsiglia.

Leslye Corsiglia  
Executive Director

A large black rectangular redaction box covering the signature of the Mayor or Council member.



[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

***RE: Housing Crisis Workplan Update (Item 4.2 on 9/24/19 Council Agenda)***

Dear Mayor Liccardo and Members of the City Council,

On behalf of [REDACTED], I write in support of Councilmember Perez's September 18th memorandum and, in particular, his recommendation to:

*"Develop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area, including a minimum percentage of Extremely Low Income (ELI) housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan."*

This recommendation is particularly timely given the City will soon begin work on a detailed Diridon Affordable Housing Implementation Plan to achieve the Council's area-wide affordable housing goal. By setting a bold Extremely Low Income housing target (approximately 10% of the overall units) upfront, we can ensure that this plan incorporates strategies for achieving a significant amount of housing for our lowest-income residents.

As you know, ELI households are the most vulnerable members of our community and earn less than 30% of the area's median income. Compared to their very low income, low income and moderate income counterparts, ELI households are much more severely rent burdened and have far fewer affordable housing options available to them. In fact, the National Low Income Housing Coalition has found that there are only 30 affordable and available rental units for every 100 ELI households in the San Jose metro area. Furthermore, the lack of ELI housing in our community is one of the greatest contributing factors to the growing homelessness crisis impacting our entire community [see the attached Case Statement for ELI Housing].

As you consider this proposal, it's also important to recognize that there are several resources that can be leveraged to develop a significant amount of new ELI housing in our community.

- Thanks to the leadership of Councilmembers Davis & Esparza, and the unanimous support of the Council, the City has already adopted a

SB3, the 2018 state housing bond) could also help fund and develop deeply affordable housing.

- Furthermore, Google's stated intention to invest nearly \$1 billion of its own resources into affordable housing, as well as its previous commitment to contribute significant dollars towards community benefits, opens up several paths for how significant new ELI housing could be integrated into plans for the Diridon Station Area.

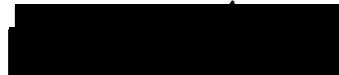
Of course, we know that there are several other steps we must take to address our community's affordable housing needs. We must find ways to generate additional dollars for affordable housing, and we appreciate Councilmember Peralez's additional recommendation to accelerate work on a Commercial Linkage Fee.

We must also revisit our land use plans to ensure we are maximizing housing development capacity in key areas, like the Diridon Station Area. In particular, we support SV@Home's call to plan for 10,000 new homes in the area, and to revise both the Diridon Station Area Plan and General Plan to accommodate such growth.

We have a unique opportunity to facilitate a more equitable form of development - and to ensure that the housing built is affordable to residents across a variety of income levels, including ELI households. Now is the time to take bold action. Let's take the first step towards addressing our community's affordable housing needs by voting in support of Councilmember Peralez's memorandum.

Again, thank you for your thoughtfulness in making this gift, and supporting our mission to ensure that everyone has a home. I look forward to speaking with you in the near future.

Sincerely,

A black rectangular redaction box covering the signature of Louis Chicoine.

Louis Chicoine, MSW  
Executive Director



September 19, 2019

Honorable Mayor & City Councilmembers  
City of San Jose  
200 East Santa Clara Street, 18th Floor  
San Jose, CA 95113

***RE: Housing Crisis Workplan (Item 4.2 on 9/24/19 Council Meeting Agenda)***

Dear Mayor Liccardo and Members of the City Council,

On behalf of the Santa Clara County Housing Authority, I write in support of Councilmember Perez's September 18th memorandum and his recommendation to:

*Develop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area, including a minimum percentage of Extremely Low Income (ELI) housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan.*

This recommendation is particularly timely as the City begins work on a detailed Diridon Affordable Housing Implementation Plan to achieve its area-wide affordable housing goal. By setting a bold Extremely Low Income housing target (approximately 10% of the overall units) at the outset, we can ensure that this plan incorporates strategies for achieving a significant amount of housing for our lowest-income residents.

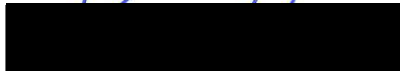
ELI households are the most vulnerable members of our community and earn less than 30% of the area's median income. Compared to their very low income, low income and moderate income counterparts, ELI households are much more severely rent burdened and have far fewer affordable housing options available to them. In fact, the National Low Income Housing Coalition has found that there are only 30 affordable and available rental units for every 100 ELI households in the San Jose metro area. Furthermore, the lack of ELI housing in our community is one of the greatest contributing factors to the growing homelessness crisis impacting our



In addition, Google's stated intention to invest nearly \$1 billion of its own resources into affordable housing, as well as its previous commitment to contribute significant dollars towards community benefits, opens up several paths for how significant new ELI housing could be integrated into plans for the Diridon Station Area.

We have a unique opportunity to facilitate a more equitable form of development - and to ensure that the housing built is affordable to residents across a variety of income levels, including ELI households. We hope that the City will take the first step towards addressing our community's affordable housing needs by voting in support Councilmember Perez's memorandum.

Sincerely,

A black rectangular redaction box covering the signature of Katherine Harasz.

Katherine Harasz  
Executive Director



September 23, 2019

Honorable Mayor & City Councilmembers  
City of San Jose  
200 E. Santa Clara St., 18<sup>th</sup> Floor  
San Jose, Ca 95113

RE: Housing Crisis Workplan Update (item 4.2 on 9/24/19 Council Agenda)

Dear Mayor Liccardo and Members of the City Council,

Charities Housing is urging the Mayor and City Council to support Councilmember Peralez's September 18<sup>th</sup> memorandum. His recommendation to "Develop specific income targets for the 25% area-wide affordable housing requirement of the Diridon Station Area, including a minimum percentage of Extremely Low Income (ELI) housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan", is an important step in helping address the critical need for more ELI housing in our community.


Charities Housing has traditionally focused its efforts on meeting the needs of those at the lowest end of the affordability spectrum and those with special needs. Every Charities' development targets approximately one third of its homes for ELI households. Unfortunately, that contribution to the ELI housing stock has never been enough to meet the existing need and in this recent period of great economic expansion, the need for ELI homes is growing faster than ever before.

The profile of our ELI neighbors and friends, is the same as those of the most marginalized members of our community and their precarious financial condition can result in them easily falling into homelessness;

- 48% of ELI households are seniors and/or individuals with a disability
- 39% of ELI households are in the labor force, 43% of whom work 40 +hours per week but at extremely low wages
- Minority households are more likely to fall in the ELI category; 20% of black households, 18% of American Indian or Alaska Native households and 16% of Hispanic households compared to only 6% of White non-Hispanic households

To address the need for more ELI Housing, bold action is required at every level of government. Supporting Councilmember Peralez's recommendation would be one signal that San Jose is serious about its intention to support its most vulnerable and marginalized citizens.

Sincerely,



Kathy Robinson  
Director of Housing Development

