

November 18, 2014

The Honorable Mayor and City Council
City of San José
200 E. Santa Clara Street
San José, CA 95113

Re: Amended Letter With Additional Signatories Supporting An Affordable Housing Impact Fee

Dear Mayor and members of the City Council:

The undersigned 45 organizations write to urge the San José City Council to adopt the highest possible affordable housing impact fee that is economically sensitive.

The City has long been an affordable housing leader. From its decades-old inclusionary housing requirement in redevelopment areas, to its use of redevelopment funds (beyond the state law minimum) for the production of affordable housing, to its more recent adoption of a citywide inclusionary housing policy, San José has repeatedly expressed its community value of ensuring safe, adequate, and inclusive housing for residents at all income levels. We applaud the City's commitment to addressing affordable housing and homelessness.

Unfortunately, cities everywhere, including San José, have lost many of their affordable housing tools; redevelopment was eliminated; inclusionary zoning for rental housing is currently legally prohibited; and federal affordable housing funds have been reduced. At the same time, the cost of housing—for our community's teachers; service members; non-profit employees; artists; seniors; individuals with disabilities; low-income families; service, healthcare, retail, and other low-wage workers; and public sectors employees including police officers and firefighters—is skyrocketing.

The good news is that through the advocacy of our organizations, along with state, regional and local government partners, new sources of funding for affordable housing are being created. "Cap and trade" funds were set aside for affordable housing by the State Legislature. And, Santa Clara County, in partnership with several cities, voluntarily set aside \$15.4 million of former redevelopment agency funds. While it's still not enough, together, we are cobbling together the funding needed to meet the needs of those who can't afford to live in Silicon Valley and spreading the responsibility for funding affordable housing across many sources.

Adoption of a housing impact fee on new residential developments can help fill the gaps left by the loss of redevelopment and inclusionary zoning. Several cities in the region have adopted or are considering such fees as new means of funding affordable housing. Mountain View, San Carlos, Fremont, San Francisco, Walnut Creek, Santa Rosa, Berkeley, and Cupertino have adopted housing impact fees; Sunnyvale is actively considering one.

It is important to note that city leaders from Mountain View—the most recent local city to pass a housing impact fee—report no decline in interest among rental housing developers to build since their rental impact fee was enacted. There are currently more than 2000 residential units in Mountain View’s planning pipeline.

Two years ago, the City Council commissioned a Residential Nexus Analysis to study the impact of market rate residential development on the need for affordable housing. The Nexus Analysis found that a fee level of \$28 or less per square foot of new development was needed to offset the need for affordable housing created by that new development.

Since the Nexus Analysis was issued, the City has embarked upon a thorough, cautious and inclusive process. Developer representatives wanted more time to vet the results of the studies; this time was provided. The developers also submitted extensive follow-up questions about the Study’s analyses. All of these questions have been answered by the Housing Department and its experts. The Nexus Analysis was also revamped to reflect much more conservative assumptions. Community and stakeholder meetings were held. The result has been a thoughtful proposal that is deferential to what can be legally justified, took into account the economic feasibility of a fee for market rate development, and will help fund affordable homes in San José.

The time is ripe for San José to adopt a housing impact fee. State Housing Element Law requires San José to plan for the housing needs of households at all income levels; as the City recognized in its recently adopted Housing Element, the adoption of an adequate housing impact fee could be a key component of the City’s efforts to meet these planning obligations. Many cities have already adopted such fees, and the longer San José delays, the more opportunities it will miss to generate affordable housing funding. In 2013, 550 homes could have been made affordable had there been such a fee in place. We simply cannot afford to continue to allow these opportunities to slip through our hands.

Again, we urge the City Council to adopt the highest legally permissible affordable housing impact fee.

Sincerely yours,

/S
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Carl Guardino
Silicon Valley Leadership Group

/S
Derecka Mehrens
Working Partnerships USA

/S
Poncho Guevara
Sacred Heart Community Service

/S
Carole Leigh Hutton
United Way Silicon Valley

/S
James Zahradka
Kyra Kazantzis
Law Foundation of Silicon Valley

/S
Kevin Zwick
Housing Trust Silicon Valley

/S
Matt Huerta
Neighborhood Housing Services Silicon
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/S
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Non-Profit Housing Association of Northern
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/S
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Amy Andonian
Aging Services Collaborative of Santa Clara
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/S
Richard Konda
Asian Law Alliance

/S
Beth Gonzalez
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People Acting in Community Together

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Silicon Valley Council of Nonprofits

/S
Dan Wu
Charities Housing

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Margo Sidener
Breathe California

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Gary Montrezza
Pathway Society, Inc.

/S
Yvonne Maxwell
Ujima Adult and Family Services

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Family Supportive Housing

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TransForm

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Community Technology Alliance

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Charities Housing

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Bill Will Center

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Downtown Streets Team

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Dolores Alvarado
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San Jose/Silicon Valley NAACP

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Abode Services

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Sandy Perry
Affordable Housing Network of Santa Clara
County

/S
Pastor Scott Wagers
Pastor Adrienne Lawton
CHAM Deliverance Ministry

/S
Patricia Diaz
Services, Immigrant Rights, and Education
Network (SIREN)

/S
Ann Marquart
Project Sentinel

/S
Anjee Helstrup-Alvarez
MACLA