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Leslye Corsiglia
Executive Director

TRANSMITTED VIA EMAIL

April 30, 2018

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

Dear Mayor Liccardo, Vice Mayor Carrasco, and Councilmembers Arenas, Davis, Diep, Jimenez, Jones, Khamis, Nguyen, Peralez and Rocha,

Re: Item 4.5-- Report on the Cost of Development in San José

SV@Home is a nonprofit housing policy and advocacy organization that is dedicated to creating affordable housing opportunities in the high-cost Silicon Valley. SV@Home represents a broad range of interests, from leading employers who drive the Bay Area economy, to labor and service organizations, to local government agencies, to nonprofit and for-profit developers who provide housing and services to those most in need.

We are very supportive of the Mayor and City Council's plan to create 25,000 new housing opportunities, including 10,000 that are affordable, over the next five years. We know that this goal is ambitious, especially with the need for more land and funding opportunities to meet affordable housing targets.

Given current housing prices and the cost of building new homes, we agree that the City must consider ways to reduce costs. While one of the ways this can be accomplished is through the reduction in fees, another is through adoption of new incentives. Incentives can include parking reductions, as was discussed at last week's study session, or reduced setbacks, increased heights, fast track permitting, approval of alternative building systems, and more.

As the Council considers options, **we urge you not to take any action that would reduce the number of affordable homes.** We can point to several times over the years where the Council took action that impacted affordable housing. North San Jose is a prime example-- 95% of all housing in NSJ now has market rate rents, affordable only to households with six figure incomes, as developers were relieved of their inclusionary requirements. Similar decisions have exempted Downtown San Jose from affordability requirements over the years.

San Jose and its surrounding cities face a severe crisis of housing affordability. And while San Jose has been a leader in providing affordable housing, its ability to respond has been impacted in recent years as funding and tools the City once had were lost. One of the tools the City does still have is its inclusionary

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ordinance. San Jose fought hard— all the way to the U.S. Supreme Court— to protect its right to implement its ordinance. The Council must continue to protect the ordinance — and alternative compliance options like in-lieu fees — to address the housing crisis impacting lower- and moderate-income San Jose families.

We appreciate the good work of staff, the Urban Land Institute, and Keyser Marston to lay out the challenges the City faces in addressing the housing crisis.

Sincerely,



Leslye Corsiglia
Executive Director