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Leslye Corsiglia
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. (*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, SV@Home

Nadia Aziz, Supervising Attorney, Law Foundation of Silicon Valley

Matt Franklin, President, MidPen Housing

Poncho Guevara, Executive Director, Sacred Heart Community Service

Laura Hall, President and CEO, EAH Housing

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