

TRANSMITTED VIA EMAIL

January 29, 2017

Mayor Tran and Members of the City Council
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035

Re: January 31, 2018 Affordable Housing Study Session

Dear Mayor Tran, Vice Mayor Grilli, and Councilmembers Barbadillo, Nuñez, and Phan,

On behalf of our members, we thank the Council for opening up this discussion on how Milpitas can expand its commitment to affordable housing. This is an effort that takes both commitment and creativity to assemble a tool box of resources, drawn from both local and external opportunities. We commend the City of Milpitas for the steps it has already taken to secure these resources, including supporting three proposed developments seeking Measure A funding, which would bring significant County resources into your community.

We encourage you to proceed with exploring the full range of options under consideration as part of your efforts to ensure that the City of Milpitas does its part to address our County's affordability challenges. Additionally, we write to offer our suggestions regarding the top two actions that the Council can take to have the greatest impact. These actions are:

- Adopting a Commercial Linkage Fee, and
- Strengthening the City's existing inclusionary housing requirements.

Each of these approaches, which are discussed in further detail below, reflect best practices that have been tested locally and extensively researched by numerous policy experts throughout the country.

Adopting a Commercial Linkage Fee. Commercial Linkage Fees are one key tool that local jurisdictions can use to generate local funding for affordable housing. Nearly all of Milpitas's peer cities within Santa Clara County have taken action toward establishing Commercial Linkage Fees. For example, Santa Clara recently established fees for various types of non-residential development that generate jobs and drive housing demand, including office, hotel, and retail uses. In doing so, Santa Clara joined the cities of Cupertino, Mountain View, Palo Alto, and Sunnyvale in requiring commercial developers to share the costs of housing their local workforce. The San Jose City Council also recently voted to prioritize the consideration of a Commercial Linkage Fee as part of its 2018 priorities. With the rest of the County looking to Milpitas for leadership, we strongly encourage the Council to prioritize the establishment of a Commercial Linkage Fee.

Board of Directors

Ron Gonzales, Chair
*Hispanic Foundation
of Silicon Valley*

Janice Jensen, Vice Chair
*Habitat for Humanity
East Bay/Silicon Valley*

Kevin Zwick, Treasurer
Housing Trust Silicon Valley

Kathy Thibodeaux, Secretary
KM Thibodeaux Consulting LLC

Shiloh Ballard
Silicon Valley Bicycle Coalition

Bob Brownstein
Working Partnerships USA

Christine Carr

Rahul Chandhok
San Francisco 49ers

Katie Ferrick
LinkedIn

Amie Fishman
*Non-Profit Housing Association of
Northern California*

Javier Gonzalez
Google

Poncho Guevara
Sacred Heart Community Service

Jan Lindenthal
MidPen Housing

Jennifer Loving
Destination: Home

Mary Murtagh
EAH Housing

Chris Neale
The Core Companies

Andrea Osgood
Eden Housing

Kelly Snider
Kelly Snider Consulting

Jennifer Van Every
The Van Every Group

Staff

Leslye Corsiglia
Executive Director

Strengthening the City's existing inclusionary housing requirements. Similar to Commercial Linkage Fees, inclusionary housing is an invaluable tool for local jurisdictions, providing another means of generating local resources for affordable housing, and creating the opportunity to integrate affordable homes alongside new market rate homes. Because these tools are most effective when utilized together, we encourage the City of Milpitas to consider raising its inclusionary housing requirements in tandem with efforts to adopt a Commercial Linkage Fee.

With the passage of AB 1505 in 2017, the City of Milpitas has a tremendous opportunity to drive the creation affordable housing. It can now go beyond the impact fees discussed in the December 2016 residential nexus study and instead use its zoning authority to apply inclusionary housing requirements to market rate rental developments. Thus, rather than adopting a residential impact fee in accordance with the nexus study, we urge the City to leverage this new tool to the fullest extent possible by setting its inclusionary housing requirement for both ownership and rental housing at 15 percent, while also allowing for alternative compliance through an in-lieu fee option.

A 15 percent requirement is in line with several other Santa Clara County jurisdictions, including Santa Clara, Cupertino, San Jose, Campbell, and Palo Alto, as well as with former Redevelopment Agency inclusionary policies. Additionally, Mountain View has recently taken action to move toward increasing their inclusionary requirement to 15 percent, and Sunnyvale and Palo Alto are exploring ways to strengthen their existing inclusionary policies in 2018. In a market as strong as Silicon Valley's, a 15 percent requirement is both feasible and essential for ensuring that the City's affordable housing stock grows as new market rate developments come online.

Finally, we want to express our support for fee waivers to incentivize affordable housing, and we ask that the Council explore the impact of recent legislation regarding accessory dwelling units and surplus land that could provide additional affordable housing options.

Again, we thank you for your leadership and commitment to making Milpitas a more affordable city. We appreciate the opportunity to provide our input and welcome further conversation with you about our recommendations. Thank you for your consideration.

Sincerely,



Pilar Lorenzana
Deputy Director