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TRANSMITTED VIA EMAIL

October 22, 2017

Mayor Liccardo & Members of the City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Carrasco, and Members of the City Council:

Re: October 24, 2017 City Council Agenda Item 4.4 – Potential Modifications to the Affordable Housing Impact Fee (AHIF) & Inclusionary Housing Programs

On behalf of our members, we thank you for your continued leadership and efforts to generate local resources for affordable housing through the City's AHIF and Inclusionary Housing Programs. With the recent adoption of AB 1505 (the "Palmer-fix" bill), the City of San Jose again has access to one of its most critical affordable housing tools – its inclusionary housing policy for market-rate rental developments – starting this January.

SV@Home urges the City to move forward with reinstating inclusionary housing requirements on January 1, 2018 without delay. Due to the *Palmer* ruling, the City of San Jose lost an estimated 2,400 affordable apartment units – equivalent to nearly half of the City's 2007-2014 RHNA goal for low-income units. Over the length of their deed restrictions, these homes would have served approximately 19,000 households. With a growing need for affordable housing to stabilize San Jose's families and neighborhoods, we cannot afford to lose any more opportunities to expand the San Jose's stock of affordable homes.

With the recent release of the Mayor's Housing Plan and the goal of creating 10,000 affordable homes, all tools must be made available. We estimate that, under the City's inclusionary ordinance, 17,650 market rate units with 15% affordability could create as many as 2,650 affordable units.

We do have one caution. Over the years, there have been many actions that provided exemptions to the City's inclusionary and AHIF requirements. To the extent any exclusions are approved, the ability for the City to meet this important goal would be adversely affected. We urge the Council to approve the inclusionary requirements for all market-rate developments without exception. Additionally, to ensure that no additional opportunities are lost, the rental inclusionary requirements must be reinstated with no additional grandfathering period.

San Jose City Council

Re: October 24, 2017 City Council Agenda Item 4.4 – Potential Modifications to the Affordable Housing Impact Fee (AHIF) & Inclusionary Housing Programs

October 23, 2017

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We support the staff recommendation to strengthen the City's Inclusionary Housing Program by setting the threshold size for both for-sale and rental projects at three units. With its 15 percent affordable housing requirement and alternative compliance options, the City's Inclusionary Housing Ordinance already is an exemplary model for other cities in Santa Clara County – and with this additional modification to the threshold size, San Jose will continue to set an example for other jurisdictions. We urge you to move forward with this change by approving the staff recommendation.

Again, thank you for your leadership and commitment to the creation of a thriving, sustainable, and affordable San Jose. We appreciate the opportunity to provide our feedback and hope to continue supporting the all of the City's efforts to drive the creation of affordable homes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pilar', with a stylized flourish extending to the right.

Pilar Lorenzana
Deputy Director

