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## Staff

Leslye Corsiglia  
*Executive Director*

June 11, 2018

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

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

**RE: Item 4.3 – FY 2017/18 FY -- 2021/22 Affordable Housing Investment Plan**

On behalf of our members and the undersigned partner organizations, we write you today to urge you to take swift action to address the shortfall in funding for affordable homes, as outlined in the Housing Department staff memo.

San Jose has truly been a national leader in creating affordable housing opportunities for its residents, financing the development and improvement of over 21,000 affordable housing opportunities over the past 30 years. The City recently reinforced its leadership position with a plan to create 25,000 housing units, of which 10,000 will be affordable, over a five-year period.

While we are energized by the City's commitment, we are dismayed to learn that the City is \$548 million short in the funding needed to meet the affordable housing goal. As outlined in the memo, City staff projects that it will have the resources needed to create 3,375 homes, including 1,099 that are already funded or under construction. Added to 2,240 unduplicated units subsidized by other funders, this results in total production of only 5,615 affordable homes, 4,385 units short of the goal.

**It is clear that a funding source must be identified to subsidize the development of affordable housing.** While the City memo does not discuss potential solutions, there are two revenue sources that could produce sufficient funding to raise \$500M. One such source is a housing bond, which would require voter approval. Although the City is reportedly considering placing a general obligation bond on the November ballot, housing was not on the list of potential uses when the City recently conducted an opinion survey.

A second option is a Commercial Linkage Fee (CLF). A CLF does not require a vote of the people, but requires that the City conduct a Nexus Study. This source is a feasible option that many neighboring cities have already employed. The Housing Crisis Workplan that you will also be considering at the meeting on the 12<sup>th</sup> highlights the CLF as an option. **We urge the City Council to take action to immediately conduct a Nexus Study and a companion Feasibility Study to create a CLF that would help fill this funding gap.**

It is important to note that the City already requires that residential developers build affordable units or pay a fee. Given that there is a strong nexus between the addition of new jobs and the need for affordable homes, commercial developers should also be required to offset the impact their development has on the need for affordable homes.

We also recognize that there are limits to the City's capacity to process development proposals as the City works to add 25,000 new homes. **We encourage the Council to provide the needed resources to both the Housing and Planning Departments** to ensure that they can respond quickly to development proposals and meet the Housing Implementation Plan goals.

In closing, we face a housing situation today that is unlike any other time in recent history. Housing prices are out of reach for all but the most wealthy, leading to overcrowding, over payment, displacement, and increased homelessness. San Jose has shown its leadership by setting bold goals. Now it is time to step up and take action to fully fund its 10,000 unit affordable housing goal.

Thank you for the opportunity to provide comments.

Sincerely,

Leslye Corsiglia - SV@Home

Dan Wu - Charities Housing

Geoffrey Morgan - First Community Housing

Poncho Guevara - Sacred Heart Community Service

Janice Jensen - Habitat for Humanity East Bay/Silicon Valley

Louis Chicoine - Abode Services

Jim Silverwood - Affirmed Housing

Kevin Zwick - Housing Trust of Silicon Valley

Chris Block - Affordable Housing Consultant

Alison Brunner - Law Foundation of Silicon Valley

People Acting in Community Together

Matthew O. Franklin – MidPen Housing

Mary Murtagh - EAH Housing