

August 6, 2020

Dear ABAG Housing Methodology Committee,

We thank the members of the ABAG Housing Methodology Committee for undertaking the challenging work to develop a fair methodology for the Regional Housing Needs Allocation for the Bay Area region.

In this statewide housing crisis where many residents are spending 30% or more of their income on housing, are spending long hours commuting from more affordable outlying areas, or uprooting to other states, your methodology can be foundational to both increasing the Bay Area's housing supply and providing our residents with improved quality of life in a more balanced, equitable manner.

We request that the Committee strongly factor the significant imbalance among cities throughout our region as it refines the RHNA methodology. Many of our neighboring cities have 2.5 or 3.0 jobs per employed residents. As long as other Bay Area cities undersupply housing relative to their job base, our region will continue to struggle with traffic congestion and the accompanying air quality and quality of life issues. Now more than ever, a collective vision for our region should be one where more workers have the opportunity to live and prosper within the community in which they work.

The City of San José has and continues to proactively plan for the housing needs of the existing and future residents of our community. The Envision San Jose 2040 General Plan provides a policy framework to accommodate growth by adding 120,000 new residences by 2040. These residences are planned in densified mixed-use, walkable urban villages, located on transit lines, close to and often integrated with jobs-based development and the services and amenities that residents need. This approach not only reduces vehicle miles traveled and greenhouse gas emissions but supports an improved quality of life and placemaking.

For the nearer term, the San José City Council approved a Housing Crisis Workplan to support a goal of 25,000 new homes, with at least 10,000 of those affordable, to be constructed or entitled by 2022. A multi-department Housing Catalyst Team has been established to craft needed policy and ordinance changes that will drive this housing development.

While San José is being proactive to plan and build new housing for all income levels, we are also planning for significant job growth to become a more balanced city. Unlike the other cities in Silicon Valley, San José has significantly fewer jobs than employed residents. With only 0.82 jobs per employed resident, San José is in fact the largest "bedroom community" in the United States. Of the nation's 20 largest cities, San José is the only one with a larger nighttime population of residents than daytime population of employees.

Letter to ABAG Housing Methodology Committee
August 6, 2020
Page 2 of 2

This imbalance has resulted in significant negative impacts to the region's environment, residents' quality of life, and San Jose's fiscal stability. Rather than improving, San José's imbalance relative to other South Bay cities grew more extreme during the economic expansion of the last ten years, as the other cities became even more jobs-rich and housing-poor.

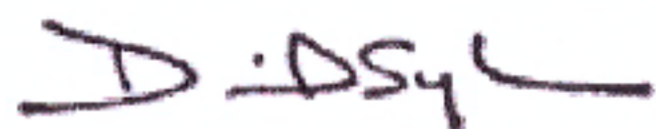
While the environmental and quality of life issues are easily apparent to anyone traveling within Silicon Valley, the less visible fiscal impacts are equally as serious and have resulted in the City facing consistent budgetary challenges even during economic expansions. To illustrate the imbalance, Attachment A displays sales tax per capita during 2018-2019 for San José, neighboring cities, and the State of California. Having a disproportionate share of the housing in the South Bay – at the expense of net positive industrial/commercial land uses – has left San Jose with significantly less revenue per capita to address the very real needs of our diverse community. Even during the height of the recent economic expansion, San Jose struggled to add back services and resources cut during the last recession. As an example, the 2019-2020 budget included 6,647 full-time equivalent (FTE) positions, 11% below the peak of 7,481 FTE in 2001-2002 when San José's population was 12% lower than it is now.

The Bay Area and South Bay need to address the housing crisis but should not do so in a way that further impacts the ability of cities like San Jose to fund critical city services for its residents. We want more of our residents to be able to work in San José – a goal that all cities should embrace in order to reduce commutes, traffic congestion, greenhouse gas emissions, poor air quality, and poor well-being.

We oppose the use of the Plan Bay Area 2050 Blueprint as either a factor or the baseline allocation for RHNA. Despite the Blueprint's effectiveness at promoting equity and improving the jobs-housing balance across the region, it does neither in the context of RHNA. By focusing on South Bay job centers, it allocates more housing to San Jose and ignores cities elsewhere in the region that have undersupplied housing relative to their current job base. This imbalance in the location of housing has contributed to the Bay Area's housing crisis and reinforcing this disparity will not move us toward a more equitable and sustainable future.

Thank you for consideration of our perspective as you move forward with your important work.

Sincerely,



David Sykes
City Manager

Sales Tax Per Capita

Source: Avenu Insights April 2018-March 2019 Sales Period: Benchmark Year 2019 Q1

