

San Jose Downtown Association  
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March 8, 2022

The Honorable Mayor Sam Liccardo and City Council  
City of San Jose  
200 East Santa Clara Street  
San Jose, CA 95113

[RE: Implementation and Amendment of the Commercial Linkage Fee Ordinance, Item 8.3](#)

Dear Mayor Liccardo and City Councilmembers,

The San Jose Downtown Association (SJDA) expresses our support for the staff recommendation regarding the Commercial Linkage Fee (CLF).

As the city revisits the CLF again, familiar issues resound. As noted in our August 28, 2020 letter to Council, generating new commercial development and business growth is crucial for San Jose to help create the jobs needed to address the city's structural budget imbalance. This has been a priority civic goal for decades and an underpinning of the city's General Plan.

What has changed since Council action on the CLF a year and a half ago? A crushing pandemic, skyrocketing construction costs, supply chain disruptions and delayed commercial projects over uncertainty with the future of work. Now is not the time to overreach with the CLF.

Staff's recommendation follows the Council direction by providing reasonable payment options, and encourages up front payments through a discounted fee structure. The deferred payment option is important for those developments that may need the flexibility to align payments with the lease up of their buildings. This flexibility will be especially critical during tough economic times when tenanting can take multiple years. The deferred payment flexibility can make a difference for projects getting out of the ground.

We understand the need for affordable housing throughout the city is great. So is the need for job growth in San Jose. If the CLF is not implemented correctly it could preclude development and recurring annual property tax, business tax, and sales and transaction tax revenue that supports the city, and ultimately our affordable housing aspirations.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Scott Knies', is written in a cursive style.

Scott Knies  
Executive Director