

San Jose Downtown Association

28 N. First Street, Suite 1000

San Jose, CA 95113

sjdowntown.com

408.279.1775



October 25, 2022

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

RE: Approval Of A Downtown High-Rise Residential Tax And Fee Waiver - 10 East Reed Street.

Dear Mayor Liccardo and City Councilmembers,

The San Jose Downtown Association (SJDA) has represented downtown for 36 years and together with more than 2000 current businesses and property owner members we strive to increase the vitality and livability of downtown San Jose. As we are still in the midst of the Covid era and expect a long recovery that will demand new approaches from the public, private and third sectors, we want to encourage you to continue to focus on encouraging more urban development in the city core.

As outlined in the staff report from the Housing Department, the number of residents living downtown continues to be critical. Waiving taxes and fees on downtown residential development, including the proposed Scape project, is important for the health and success of a downtown community that needs the foot traffic and economic activity more residents will bring.

During the construction phase, the project is estimated to create 240 full-time construction jobs, generating an annual salary above \$80,000 and will include health benefits. The project will provide 336 "affordable by design" units marketed to students, increasing transit use and improving public life in San José. The aggregation of these factors will increase the economic vitality of the City's urban core and will translate to increased property tax and sales tax revenue for the city.

Construction costs for high-rise residential development continues to climb. In 2019, City Council accepted a Downtown High-Rise Feasibility Assessment that showed a typical high-rise residential development in downtown San José is not financially feasible. Today, those costs burdens are even higher. Approving the Residential Tax and Fee Waiver will help these projects get underway, and once constructed, will house more San Jose residents than other types of residential projects.

The San Jose Downtown Association urges the Council to approve the tax and fee waiver for the Scape project. We thank the City Council for their leadership.

Cordially,



Alex Stettinski
Chief Executive Officer