

Asian Business Association
Associated General Contractors
BIOCOM
Building Industry Association of San Diego County
BOMA San Diego
California Restaurant Association
Engineering & General Contractors Association of San Diego
Hospital Association of San Diego - Imperial Counties
NAIOP San Diego
National Black Contractors Association
Commercial Realtors Association of San Diego
San Diego Association of REALTORS®
San Diego Business Leadership Alliance
San Diego County Apartment Association
San Diego County Hotel Motel Association
San Diego County Taxpayers Association
San Diego Regional Economic Development Corporation
San Diego Lodging Industry Association
San Diego North Chamber of Commerce
San Diego Regional Chamber of Commerce
TechAmerica San Diego

March 18, 2011

Mr. Rick Gentry
President & CEO
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Submitted Electronically

RE: Linkage Fee Recommendation - JOBS Coalition Comments

Dear Mr. Gentry:

On behalf of the organizations listed above, I respectfully submit the following comments regarding the linkage fee recommendations made by your office. I should note that our organizations have been and continue to be opposed to increasing this fee as it is tantamount to a job's tax. We have reviewed your recommendation to increase the fee and our organizations and the thousands of businesses they represent continue to oppose this and any effort to further harm the San Diego economy.

Public Review

As you know, our organizations have been active participants in the discussions on linkage fees and have a strong interest in the adequate public review of any recommendation resulting from the analysis that was completed by the two vendors to the San Diego Housing Commission. First, we are surprised that an issue of this magnitude would not warrant a hearing and recommendation by the full Housing Commission. Additionally, we were disappointed that we had to ask for these recommendations rather than having them distributed to the stakeholders who have been participating with the Housing Commission on this important matter. We believe this does not support an open and transparent process on this very important issue of linkage fees, fees that have the potential to adversely impact new and growing businesses in the City San Diego in a time of lingering economic malaise and uncertainty.

We believe the Housing Commission should have an opportunity in an open, public hearing to review the staff recommendation and make their formal position known to the San Diego City Council prior to their hearing this matter.

Linkage Fee Increase

Our members have a direct interest in the city's present and future economic vitality and, as such, we disagree with your recommendation to increase the fee at this time. Your staff has argued at community meetings that the recommendation is to not increase the fee, choosing to spin the delayed implementation of the fee increase as proof. We disagree. A delayed implementation in two years is still an action to increase the fee and will have the effect of immediate implementation as it is viewed by the lending community in financing projects. Our members are adamantly opposed to any recommendation that would increase the fee now or in the future. It is our belief that even a delayed effective date for increasing the fee would add risk and uncertainty to the financing of new, expanded, or renovated commercial and industrial uses in the City of San Diego, a risk the city can ill afford in a depressed economy with record unemployment.

Indexing and Auto-Taxing Proposal

Additionally, our members are opposed to your recommendation that the linkage fee be subject to automatic increase based on some type of economic or cost index. The purpose of review and consent of the Council is to not only provide for a balanced understanding of the current economic environment and how the fee might fit into that situation, it also allows for adequate public input for any potential increase in this fee by our elected representatives. .

Best Practices Recommendations

Our members are disappointed in the lack of serious attention being given to alternative methods of funding affordable housing and a lack of inclusion of these issues, and the list developed with the stakeholder group in your recommendations to the City Council.

JOBS Coalition Recommendations

The JOBS Coalition recommends that no increase in the fee be adopted, whether it's delayed or implemented immediately. Further, we do not believe that the fee should be increased automatically by index without review and consent of the City Council.

We believe a better approach is to take a serious look at other more equitable, broad-based funding sources, consistent with the report provided to the council when the affordable housing trust fund was created in 1990. We also believe that the City's approach to providing affordable housing should be examined more carefully and perhaps retooled. Perhaps it is time for the various government agencies involved in the funding of affordable housing, including Housing Commissions, HCD, and HUD, to take a detailed look at how the needs are not being met and perhaps how all the dollars involved could be better spent on meeting the needs of low and moderate income families, particularly in a way that focuses on maximizing the number of families helped.

Municipal Code

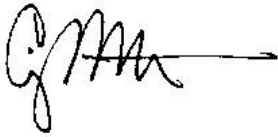
It is our understanding that the audit report and the lack of adherence to the municipal code requirement for annual review and adjustment of the linkage fee is a driving factor behind this issue being brought forward, despite our depressed economic conditions. However, the only alternative being offered is for an increase in the fee and a change to the municipal code to allow for the auto-increase of the fee using some form of an index. What's not being discussed is the alternative to simply amend the municipal code and remove this annual requirement. We believe this option should be given serious consideration by the Housing Commission and the City Council, considering the state of our economy and the City's broad goal of remaining competitive with other cities and regions for new employment centers and job growth.

Conclusion

In closing, we strongly urge your consideration of our perspective and respectfully request that you change your recommendation to reflect this perspective. We believe that by establishing this good faith effort on the part of the Housing Commission, we can then work together with the advocate community to develop broad-based, real

world, practical solutions to help provide affordable housing that does not conflict with the economic and jobs creation goals of the City of San Diego. It is clear that the public does not support government efforts that are contrary to job creation and improving the economy to end this persistent and historic recession. Our members and our employees share those sentiments. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'CB', with a long horizontal line extending to the right.

Craig Benedetto
Legislative Advocate
BOMA San Diego & NAIOP San Diego

CC: Mayor Jerry Sanders
Council President Tony Young
Council Member Sherri Lightner
Council Member Kevin Faulconer
Council Member Todd Gloria
Council Member Carl DeMaio
Council Member Lorie Zapf
Council Member Marti Emerald
Council Member David Alvarez