



AFFORDABLE HOUSING NETWORK of Santa Clara County

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ERRORS IN THE CITY OF SAN JOSE'S GOOGLE PROJECT PRESENTATION

Unfortunately, the power point presentation given by San Jose Economic Development Director Kim Walesh at the June Google - Diridon hearings contained some serious mistakes around housing and displacement. The people of San Jose need to be aware of these *before* this project is approved, not after. In particular, people need to know whether they will be able to afford to live here anymore after this project is completed.

Although it avoids clear, direct statements, the Walesh presentation falsely implies that the City of San Jose is adequately addressing its housing and displacement crisis, including the displacement that this particular project will create. The City has not done, and appears to have no intention of doing, a statistical analysis of how many people at what income levels will be forced to move as a result of this development. The City's unwillingness to address this is not only poor planning, it is possibly a cover up of the fact that it already *knows* that Google will seriously negatively impact our affordable housing and homelessness crisis, and is determined to proceed anyway.

As developer Mike Kim pointed out in the Mercury News (August 14, 2017), Google-related job growth in San Jose will cause a "massive housing shortage", housing demand that is "ramrod straight", and "a rapid rise in prices in rent". All renters and all people of good will must demand that the City of San Jose make plans to affirmatively offset these effects and guarantee that **ZERO DISPLACEMENT** results from this project.

Urban scholar Richard Florida vividly describes the destructive social and economic results of the kind of gentrification threatened by Google expansion in San Jose: "As these more advantaged types have come in, lower-income, less educated racial minorities have moved out – or been pushed out – of these areas, mainly as a result of rising housing prices. This outflow of the less affluent is especially troubling, because urban centers offer both better job opportunities and greater levels of the kinds of amenities that can help boost wages and increase prospects for economic mobility. The end result is growing inequality and spatial segregation as less advantaged blacks and whites are pushed out of the urban core and become increasingly concentrated in declining suburbs..." (The New Urban Crisis, 2017).

Ms. Walesh lists a number of affordable housing steps that the City has taken. These *make it appear* that we are effectively addressing the displacement issue, but a closer look reveals that this is not the case.

The 15% Affordable Housing Requirement. This is a fine City program, but it comes nowhere near meeting our need for affordable housing, and does not create housing for the ones who need it the most (who are those most at risk of displacement). Using this and other programs, since 2014, the City

has built only **seven percent** of its the affordable housing allotment. And households generally have to earn over \$60,000 a year to even qualify for the 15% inclusionary housing that this program provides.

The 5% Maximum Allowable Rent Increase. Five percent a year is far too high for those most at risk of displacement (and far above the increases allowed by other major California cities). About 20% of San Jose renter households are already defined as **severely rent-burdened**, that is, they pay over half their income in rent. Five percent annual increases far outpace annual increases in income for these families. In addition, it is important to remember that 60% of renter households are not even covered by rent control because their apartments were built after 1979.

Prohibition on Tearing Down Rent-Stabilized Housing. This does not go far enough to adequately protect tenants against displacement. Only a portion of replacement apartments will be rent-controlled, and even those will not be available at the rents that tenants paid prior to demolition of their units. Rents in the new units will be reset at the much higher level they will command when they come on the market after construction.

Just Cause Tenant Eviction Ordinance. This is a great victory won by tenants in 2017, but unfortunately it does not protect tenants when the rents rise so high they cannot afford them anymore. Inability to pay the rent remains a legal cause for eviction.

Legal Assistance Funding. Also an excellent program, but as noted above, there is no legal defense for tenants who cannot afford to pay the rent.

Goal: 10,000 New Affordable Homes. This is frankly false and misleading. First of all, the state-mandated affordable housing goal for San Jose is about 17,000, not 10,000. This is the number of affordable units that the state has calculated San Jose needs to construct **just to keep even with affordable housing demand**. Secondly, on June 12 the City Council took action indicating that **it has no intention** of reaching the goal of 10,000 units. It adopted an affordable housing investment plan calling for only 5615 units to be built.

The measures outlined by Walesh resemble smoke and mirrors more than a realistic plan. Unless changed, the Google Diridon development will aggravate our housing crisis, not improve it, and should be rejected. Demanding **ZERO DISPLACEMENT** is an appropriate place to start.

Only a Google project that does not displace existing San Jose residents will live up to the promise recently described by Ingrid Burrington in *The Atlantic*: “Now San Jose has an opportunity to lift up these workers placed at the bottom of the tech industry as much as the wealthy heroes at its top. If Google makes good on the ‘deep listening’ it has promised, and if San Jose residents continue to challenge the company’s vague promises, the Diridon project might stand a chance of putting forth a genuinely visionary alternative to the current way of life in the Santa Clara Valley and the founder-centric, organized-labor-allergic ideology of Silicon Valley.”

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