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January 26, 2026

City Clerk
City of San Jose
200 E. Santa Clara Street
San Jose, CA 95113
Email: city.clerk@sanjoseca.gov

Re: Support for Agenda Items 8.2 and 8.3 — Downtown Residential Incentive Program Expansion and Multifamily Housing Incentive Program Phase I Extension

Dear Mayor Mahan and Members of the San Jose City Council:

On behalf of the San José Downtown Association (SJDA), I respectfully submit this letter in strong support of Item 8.2 (Downtown Residential Incentive Program Expansion to Include Commercial-to-Residential Conversion Projects) and Item 8.3 (Multifamily Housing Incentive Program Phase I Extension) on the January 27, 2026, City Council agenda.

Increasing Downtown's residential population density is paramount to revitalizing San José's urban core. A vibrant, 18- to 24-hour downtown strengthens the local economy and supports small businesses that continue to struggle amid lasting changes to the daytime economy following the pandemic. A stronger residential presence throughout the day and evening directly increases the pedestrian activity essential to the success of current and future retail, restaurants, cultural destinations, and local services.

Items 8.2 and 8.3 advance this goal by incentivizing housing production while supporting a broad mix of housing types – including affordable, workforce, market-rate, and luxury units – to ensure inclusive growth. By encouraging additional housing in our most walkable areas, these policies also maximize the use of existing public infrastructure, including transit, fire and safety services, and utilities, to support more sustainable growth at a lower per-capita cost.

The commercial office market has experienced fundamental structural shifts since 2020. Item 8.2 responds directly to these conditions by facilitating the conversion of underutilized office space into much-needed housing. Cities across the nation from New York, Cleveland, Detroit, and San Francisco have demonstrated that removing regulatory and financial barriers to commercial-to-residential conversions can accelerate housing production while reactivating downtowns. San Francisco's recent implementation of SPUR's office-to-residential conversion recommendations provides a relevant and successful example.

Furthermore, ***SJDA recommends removing all proposed timeline and unit cap restrictions from 8.2 and 8.3*** to extend the effectiveness of these programs and increase likelihood that Downtown achieves its goal of 20,000 residents. There is no point at which Downtown San Jose will be "done," and development of this magnitude requires long-term clarity and certainty.

As you are likely aware, the timeline for a development project – from ideation through entitlement and ultimately construction – often spans several years. Establishing arbitrary expiration timelines for incentive programs conflicts with our mutual goals, particularly when we must remain steadfast in delivering new units across the spectrum of affordability to support San Jose residents and to further grow Downtown's population. Providing a longer runway for projects that have yet to be fully vetted will lead to a stronger economy in Downtown and a better chance that a project breaks ground. A denser, more populated Downtown also increases the share of taxes generated for the entire City.

In parallel to efforts at the City level, SJDA supports the International Downtown Association's advocacy for the Revitalizing Downtowns and Main Streets Act, which would establish a federal tax credit for commercial-to-residential conversions with affordability provisions. This bill, paired with the provisions of Item 8.2, would further catalyze investments in underutilized downtown assets.

The expansion of the Downtown Residential Incentive Program and the extension of the Multifamily Housing Incentive Program are strategic, forward-looking policies that will accelerate housing delivery, support small businesses, and contribute to a more vibrant, resilient, and sustainable downtown San Jose. San Jose Downtown Association *strongly urges the City Council to approve Items 8.2 and 8.3 with elimination of timeline and unit cap requirements*.

Pease reach out to me at bkurtz@sjdowntown.com or 408-662-6898 with any questions.

Sincerely,



Brian Kurtz
Chief Executive Officer