



# the JOBS TAX

**NOVEMBER 21<sup>st</sup>  
10:00 A.M.**

## ***WE NEED YOUR SUPPORT - PROTECT OUR JOBS***

On Thursday, November 21<sup>st</sup>, the San Diego City Council will have its first reading of the ordinance that will massively increase the City’s existing Linkage Fee. The City Council previously voted 5-4 to increase the fee. If the Ordinance is approved, the JOBS Coalition will determine the best course of action to continue to fight this.

The Ordinance goes into effect July 1, 2014 and will immediately double the existing fee. By 2016 the fee will have increased twice, raising it to the full 1.5%.

Join us at City Council on November 21<sup>st</sup> at 10:00 a.m. to protest the vote to increase the Linkage Fee by 500-900%. A press conference by the JOBS Coalition will take place at outside of City Hall immediately following the Council decision.

## ***“THIS IS A JOBS KILLER”***

Impact Of Linkage Fee Increase	Current Cost Per Square Foot	Cost W/Increased Fee	Current Cost on 100,000 Sq Ft Project	Cost W/Increased Fee	Immediate Fee Increase
OFFICES	\$1.06/sq ft	\$5.32/sq ft	\$106,000	\$532,000	\$426,000
HOTELS	\$.80 cents/sq ft	\$4.73/sq ft	\$64,000	\$473,000	\$409,000
RETAIL	\$.64 cents/sq ft	\$4.96/sq ft	\$64,000	\$496,000	\$432,000
MANUFACTURING	\$.64 cents/sq ft	\$3.05/sq ft	\$64,000	\$305,000	\$241,000
RESEARCH & DEVELOPMENT	\$.80 cents/sq ft	\$4.14/sq ft	\$80,000	\$414,000	\$334,000
WAREHOUSES	\$.27 cents/sq ft	\$2.28/sq ft	\$27,000	\$228,000	\$201,000

## Why Linkage Fees will hurt our jobs:

- This ‘tax’ directly targets businesses and job creation and should not be increased and puts San Diego at a competitive disadvantage. San Diego is the **ONLY** jurisdiction in the County that charges this fee. California already is the 49<sup>th</sup> worst business tax friendly state in the nation.
- *The City Council should not increase fees when San Diego’s economy and job market are still recovering from the recession. City Council needs to focus on job creation and removing burdensome regulations that drive up the cost of housing.*
- City Council is not considering other recent fee hikes on the business community that will hurt job creation and business growth.
- Linkage Fees will negatively impact every business sector, including small businesses like restaurants and retailers, who cannot afford another cost in this challenging economy.
- To solve the issue of affordable housing, the business community and City Council must work together to develop a comprehensive affordable housing policy with a stable, broad-based funding source that does not target small, medium, and large businesses.

## Background:

- In 1990, the San Diego City Council created a Commercial Housing Impact Fee, commonly referred to as a “linkage fee.” The fee is charged to new commercial-industrial construction on a per square foot basis and is used to subsidize private affordable housing units throughout the City.
- In theory, the fee is levied to cover the perceived gap between income levels from certain jobs created in commercial-industrial buildings and the cost of housing in San Diego. The fee was cut in half in 1996 to spur economic development and remains at that level today.
- The JOBS Coalition, originally created in 2011, now represents more than 50 companies and groups who have reconvened to oppose the fee increase.
- Even though the Independent Budget Analyst Office determined that enacting the fee would be “excessive”, the majority of the Council voted to increase the fee on November 4, 2013.