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New homes aren't a drain on city

In his recent article (Page 1B, Sept. 9), Mercury News reporter Joshua Molina writes about the premise that industrial property conversions have caused budget deficits by reducing San Jose's tax base. A June 2007, California Homebuilding Foundation research study finds that housing does "pay its own way." On average, in Santa Clara County each new home produces one-time net revenue to city government of \$4,412, and the ongoing city fiscal impact of that new house is \$582 per year. Most of the San Jose land recently converted was occupied by under-performing or non-performing industrial uses generating little positive tax revenue. By replacing these outmoded uses with vibrant new housing communities, builders brought about positive change. A blanket prohibition on industrial land conversions will make homes more expensive by limiting housing supply.

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