

City of Santa Clara

Affordable Housing Requirements Update

Item 17.A.: Affordable Housing Nexus Study


February 21, 2017



City of Santa Clara

Current Inclusionary Housing Policy

- New for sale developments with ten or more dwelling units to provide 10% Affordable Housing
- Moderate Income 80-120% AMI
- No in-lieu fee
- No impact fee for rental residential
- Currently no jobs housing impact fee for non-residential



Current Affordable Housing Programs

City Programs

- First Time Home Buyer Program
- Developer Loans
- Land Acquisition

Countywide Programs

- Santa Clara County Affordable Housing Bond (Measure A)



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Multi-Jurisdiction Affordable Housing Nexus Studies

Participating Jurisdictions

Campbell	Los Altos	Milpitas	Albany	Fremont	Hayward
Santa Clara	Santa Clara County	Saratoga	Livermore	San Leandro	Union City

- Residential Nexus Study
- Non-Residential Nexus Study

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Community Engagement Meetings

Development Stakeholder Meetings

- October 27, 2016, BIA
- January 9, 2017, 1:00PM Council Chambers

Affordable Housing Advocate Group Meeting

- January 18, 2017, 2:00PM Council Chambers

City of Santa Clara Chamber of Commerce

- Tuesday, February 7, 2017 8:00am SC Chamber of Commerce

General Public Meetings

- January 9, 2017, 4:00PM Senior Center
- January 12, 2017, 7:00PM Council Chambers

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Setting a Fee



Considerations

- Local Policy Objectives
- Affordable Housing Nexus Study
- Other City Fees
- Nearby Jurisdictions
- Community Outreach Meetings

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Maximum Supported Fee

Maximum Supported Residential Impact Fees, City of Santa Clara

	Single Family	Townhome	Condominium	Apartments
Per Market Rate Unit	\$71,800	\$66,800	\$51,700	\$43,400
Per Square Foot*	\$36.00	\$39.30	\$41.40	\$48.30

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Maximum Supported Fee

Maximum Supported Non-Residential Impact Fees

Building Type	Fee (per square foot)
Office	\$142.70
High Tech Office	\$158.80
Retail	\$268.00
Hotel	\$128.70
Light Industrial	\$149.60
Warehouse	\$47.80

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Nearby Jurisdictions with Fees

Residential (for-sale and rental)

- Inclusionary Requirement (10-15%)
- Residential Impact Fee (\$15-34 psf)
- Tiered Systems

Non-Residential

- Office (\$15-25 psf)
- Retail (\$2-22 psf)
- Hotel (\$2-20 psf)
- Light Industrial (\$8-25 psf)

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Residential Fee Considerations

For-Sale (10%)

- In-lieu fee \leq 9 dwelling and fractional units
- (80-90% maximum supported fees)



Rental

- Residential Rental Impact Fee (\$25-35/sq. ft.)
- Voluntary provision of affordable housing on site (10%)
- If additional conditions are met, voluntary provision offsite

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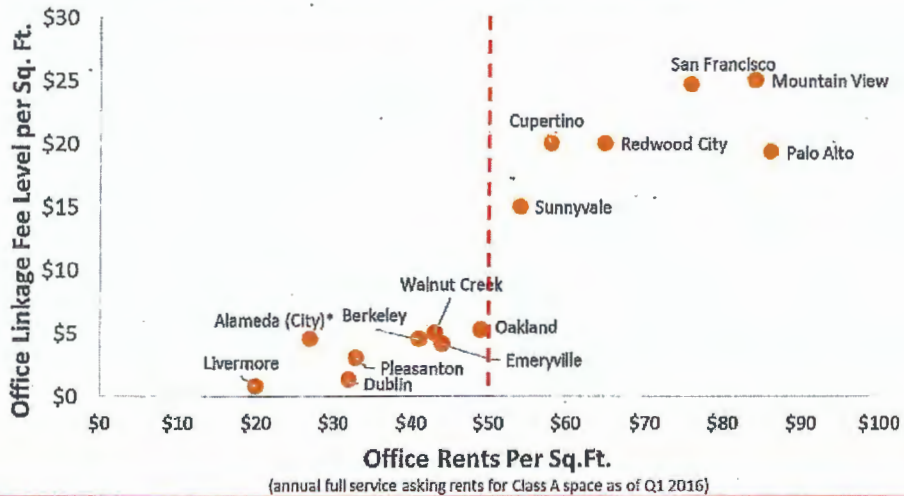
Non-Residential Fee Comparisons

Jurisdiction	Office \$/SF	Retail \$/SF	Hotel \$/SF	Industrial \$/SF
Mountain View	\$25.00	\$2.68	\$2.68	\$25.00
Cupertino	\$20.00	\$10.00	\$10.00	\$20.00
Palo Alto	\$19.85	\$19.85	\$19.85	\$19.85
Sunnyvale	\$15.00	\$7.50	\$7.50	\$15.00
San Francisco	\$24.61	\$22.96	\$18.42	\$19.34
Redwood City	\$20.00	\$5.00	\$5.00	N/A
Menlo Park	\$15.57	\$8.45	\$8.45	\$8.45
San Jose	N/A	N/A	N/A	N/A

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Linkage fees vs. Office Rents in Alameda and Santa Clara Counties (& Selected Additions)



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Non-Residential Fee Considerations

- Office (\$5-10/sq. ft.)
- Hotel (\$0/sq. ft.)
- Retail (\$0/sq. ft.)
- Light Industrial (\$2-5/sq. ft.)



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Fee Level Considerations

Potential Market Adjustments to Absorb Illustrative Fee Levels

	Each \$1 Fee	\$10 Fee	\$20 Fee	\$30 Fee	\$40 Fee
Increase in Rents/Income	0.14%	1.4%	2.8%	4.2%	5.6%
Decrease in Direct Costs	0.31%	3.1%	6.3%	9.4%	12.5%
Decrease in Land Values (based on \$120/sf)	1.02%	10.2%	20.5%	30.7%	40.9%

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Other Considerations

- Timing of fees (e.g., due prior to issuance of building permits)
- Timing of units
- Fee rates subject to cost escalator
- Credit for existing sq. ft.
- Exemptions
- Pipeline provisions
- On-site vs. in-lieu
- Provision of units off-site



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Planning Commission

January 25, 2016 Commission Input:

- Lower impact fee level for Rental Residential (\$17-20 psf)
- Higher impact fee level for Office (\$10-15 psf) and Light Industrial building (\$5-10 psf)
- Impact fee for Retail and Hotel (\$5-10 psf)
- Scaling fees based on project size and/or density.
- Extended Grace Period

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Recommendation

That the Council review and comment on the Affordable Housing Nexus Summary and proposed fee levels, provide feedback regarding the desired fee levels, and direct staff to prepare a draft ordinance for the Council's consideration.

- Fee Levels
- Scaling of fees
- Pipeline provision, timing of fees & exemptions
- Inclusionary requirement vs. in-lieu fee
- Ability to cluster units or provide off-site

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City of Santa Clara

Affordable Housing Requirements Update

Affordable Housing Nexus Study

January 25 2017



Impact Fees in Other Jurisdictions – Rental Units

City	Impact Fee	Min. Project Size Subject to Fee
Cupertino	\$20 / sq. ft. (\$25 for projects over 35 du/acre)	1 unit
San Jose	\$17/sq. ft.	3 units
Mountain View	\$17/sq. ft.	5 units
Sunnyvale	\$17/sq. ft. (\$8.50 for projects with 4 – 7 units)	4 units
Fremont	\$17.50/sq. ft.	2 units

Inclusionary Requirements in Other Jurisdictions - Ownership Units

City	Percent	Affordability Level	Fee	Fee by Right?
Santa Clara	10%	Very Low to Moderate	None	N/A
Campbell	15%	Low and Moderate	\$34.50	Only projects 6 du/ ac. or less
Los Altos	10%	Low and Moderate	None	N/A
Cupertino	15%	½ Moderate, ½ Median	\$15 detached; \$16.50 attached \$20 multifamily	Projects under 7 units only
San Jose	15%	Moderate	Affordability gap based on attached unit re-sales.	Yes
Mountain View	10%	Median	3% of sales price	Projects under 10 units only
Sunnyvale	12.5%	Moderate	7% of sales price	Projects under 20 units only
Fremont	Attached 3.5% + fee Detached: 4.5% + fee	Moderate	With on-site units: Attached: \$18.50 psf Detached: \$17.50 psf If no on-site units: Attached: \$27 psf Detached: \$26 psf	Yes

Fees as a Percent of Development Costs

Building Type	2%	3%	4%	5%
Office	\$11 psf	\$17 psf	\$23 psf	\$29 psf
Hotel	\$7 psf	\$11 psf	\$15 psf	\$19 psf
Retail/Restaurant	\$9 psf	\$13 psf	\$18 psf	\$22 psf
Light Industrial	\$5 psf	\$8 psf	\$11 psf	\$14 psf





**City of
Santa Clara**
The Center of What's Possible

AGENDA ITEM #: D.A.

AGENDA REPORT

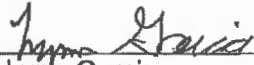
Date: February 21, 2017

To: City Manager / Contract Administrator / Executive Director / Executive Officer
for Action

From: Executive Assistant to the Mayor & City Council

Subject: Correspondence received regarding Item #17.A – Affordable Housing
Nexus Summary

From Wednesday afternoon, February 15, 2017 through Tuesday evening, February 21, 2017 at 5:00 pm, the Mayor & Council Offices have received the attached communications regarding Item # 17.A.



Lynn Garcia
Executive Assistant to the
Mayor & City Council

Documents Related to this Report:

- 1) *Communications received*

L:\Agenda Reports & Memos\Communications Received Memos\02/21/17\Affordable Housing Nexus Summary

POST MEETING MATERIAL

Lynn Garcia

From: Mayor and Council
Subject: FW: Santa Clara Affordable Housing Nexus Studies
Attachments: DFA_Santa Clara_Affordable Housing_Fees_P-2_2.7.2016.pdf; BIA_SantaClaraCC_AHIF_2.21.17.pdf

From: Dennis Martin [<mailto:dmartin@biabayarea.org>]
Sent: Tuesday, February 21, 2017 11:05 AM
To: Mayor and Council
Cc: Clerk
Subject: Santa Clara Affordable Housing Nexus Studies

Dear Mayor and Council,

BIA Bay Area urges you to take no formal action at tonight's hearing and instead direct the formation of a stakeholder working group to address policy issues and concerns. This group could be structured similar to the Parks Fee group. Attached please find preliminary draft of the DFA peer review of the Santa Clara Nexus study. I'm also attaching a letter from BIA Bay Area. Feel free to contact me with any questions.

Dennis Martin
BIA Government Affairs
408-294-5687



Development & Financial Advisory
3017 Douglas Blvd, Suite 300
Roseville, CA 95661

January 13, 2017

Dennis Martin
Government Affairs
Building Industry Association of the Bay Area
150 Almaden Blvd., Suite 1100
San Jose, CA 95113

Re: City of Santa Clara – Affordable Housing Impact Fees

Dear Mr. Martin:

Development & Public Finance LLC doing business as Development & Financial Advisory (“DFA”) is pleased to provide you our scope of services in support of The Building Industry Association of the Bay Area (“BIA”). The BIA would like the assistance of DFA to review the *Summary, Context Materials and Recommendations Affordable Housing Nexus Studies* & related Technical Reports, including a Residential Nexus Analysis and Non-Residential Nexus Analysis, (collectively “Housing Fee Report”), prepared by Keyser Marston Associates (“KMA”). The Housing Fee Report is dated December 2016 and was prepared on behalf of the City of Santa Clara (“City”), pursuant to contracts KMA and the City both have with the Silicon Valley Community Foundation. DFA’s scope comprises of a review and analysis of the Housing Fee Report and Residential Nexus Analysis and to provide an opinion on the validity of the key assumptions utilized in the Fee Study and identify areas warranting fee reductions.

The DFA advisory team has been successful in assisting clients throughout California with review and critique of nexus based studies, including related negotiations leading to reduced fees charged to new development. Other relevant background and experience of the DFA advisory team includes preparation of development impact fee credit and reimbursement agreements, infrastructure financing plans and fiscal impact studies, and expertise in identification and implementation of alternative funding mechanisms to assist with development cost reductions. Please see the attached information regarding the DFA advisory team and our relative experience.

Scope of Work:

Our proposal consists of a review and evaluation of Fee Study assumptions & methodology and required meetings. It is anticipated that additional meetings and a more detailed technical analysis may be required as part of a second phase of work (“Phase 2”). If so, the BIA and DFA will work together and determine the additional scope of work and related budget requirements. The scope of work under this proposal is described below:

SACRAMENTO ■ ORANGE COUNTY

3017 Douglas Boulevard, Suite 300 ■ Roseville, CA 95661 ■ 916.788.7240
23201 Mill Creek Drive, Suite 130 ■ Laguna Hills, CA 92653 ■ 949.916.3492
www.DevFA.com

Phase 1:

Scope: (i) review the Housing Fee Report and Residential Nexus Analysis, (ii) identify key assumptions made by the consultant and evaluate the validity of the assumptions, methodology and application, (iii) identify areas warranting fee revisions or reductions, (iv) prepare a summary memorandum addressing our findings and (v) attend up to three (3) meetings which are anticipated to include meetings with City staff and City consultants to discuss the findings outlined in the memorandum document.

Phase 2: If necessary, TBD following Phase 1 scope of work.

Services for the work efforts shall be on a time and materials basis, not to exceed the contract budget amount outlined below. The contract amount shall be paid on a monthly basis with final payment due upon completion of the scope of work, as the scope of work is described below.

Advisory Team Rate Structure:

President	\$ 295 / hour
Vice President	\$ 225 / hour
Associate	\$ 175 / hour
Administration	\$ 85 / hour

Our budget amount for the scope of work is as follows:

Fee Study Review	Budget	BIA Initial
Phase 1:		
<ul style="list-style-type: none"> · Review the Housing Fee Report and Residential Nexus Analysis · Identify key assumptions made by the Nexus consultant and evaluate the validity of the assumptions, methodology and application, · Identify areas warranting fee revisions or reductions, · Prepare a summary memorandum addressing our findings, 	\$ 9,000	
<ul style="list-style-type: none"> · Attend three (3) meetings: Meetings anticipated to include meeting with the BIA, City staff and, City consultants to discuss the findings outlined in the memorandum document. 	\$ 3,500	
Phase 1 Budget Total	\$ 12,500	
Phase 2:		
<ul style="list-style-type: none"> · If necessary, TBD following the Phase 1 scope of work. 	TBD	
Phase 2 Budget Total	TBD	

We understand the complexities of development projects and are committed to providing the best value for our clients through efficient and cost-effective solutions to issues we may face during the course of the engagement. If additional scope of work is required to complete the tasks described above we will work with you to make the appropriate scope and budget adjustments.

Development & Financial Advisory is available to assist in services requested by the BIA other than the scope of our services mentioned above. Should the BIA desire to request other services not described herein, a fee would be negotiated and mutually agreed upon by the parties.

Thank you for considering our services and we look forward to working with you. Please contact me if you have any questions or comments in regards to our proposal.

Sincerely,

Mike Whipple
Mike Whipple
Vice President

The Building Industry Association of the Bay Area

Authorized Representative



Development & Financial Advisory

Development & Financial Advisory (DFA) provides comprehensive financial consulting services associated with the acquisition, entitlement, and development of residential and non-residential real estate assets. DFA's team experience includes projects located throughout California, Washington, Nevada, and New Mexico. The firm was established, in part, as an extension of Development & Public Finance, LLC. The combination of the two organizations provides our clients with a comprehensive and diversified approach to solving development and financial challenges.

The firm is led by an experienced consulting team. Experience includes advisory in land secured financing, fiscal impacts, development agreement and public agency negotiations, real estate valuations, investment banking, real estate asset acquisitions and disposition strategies, financial policy advisory, CEQA/land use alternative analysis, and entitlement and development funding strategies.

The firm is based on the core belief that our client's success can and shall be achieved in a cost effective manner through smart ideas, hard work, and strong relationships among our firm, our clients, and the public and private sectors.

Services and Advisory

Acquisition, Entitlement, and Development

- Development RFP/RFQ Acquisition Team Advisory
- Asset Re-Use and Liquidity Advisory
- Property Acquisition and Due Diligence
- Feasibility Studies
- Land Use Alternative Analysis (CEQA, SB 375, AB 32 impacts)
- Public Agency Negotiations
- Economic Impact Studies
- Public Infrastructure Finance Plans and Funding Strategies
- Public Service Finance Plans
- Alternative Funding and Cost Reduction Strategies

Advisory Expertise

- Redevelopment Agency Funding (RDAs) Opportunities and Alternatives
- Infrastructure Financing Districts (IFDs)
- General Improvement Districts (GIDs)
- Special Improvement Districts (SIDs)
- Land Secured Financing Districts (CFDs, ADs, SCIP)
- Development Impact Fee Studies
- Affordable Housing Low Income Tax Credits, Tax Exempt Bond Financing and Grants
- Recovery Zone Bonds
- Industrial Development Bonds (IDBs)
- Certificates of Participation (COPs)
- Tax Increment Development Districts (TIDDs)
- General Obligation Bonds
- Investor Owned Utility Acquisition Analysis
- Privatization Feasibility Analysis
- Regulatory Compliance Assistance
- Utility Rate Studies
- Strategic and Organizational Planning
- Pension Obligation Bonds
- Green Energy Bonds such as Clean Renewable Energy Bonds (CREBs)



Development & Financial Advisory

Advisory Team

Michael F. Whipple, Sr., President

Michael F. Whipple has over 40 years of experience in public finance. Mr. Whipple began his career in financial management in 1970 as a municipal financial advisor at Stone and Youngberg. In 1977, he joined Miller & Schroeder as an investment banker. He founded a municipal financial advisory and investment-banking firm in 1985. He has specialized in structuring and marketing tax-exempt bonds. Mr. Whipple has prepared reports analyzing optional methods for financing public improvements, analyzing fiscal impacts of new developments, establishing rates, charges and development impact fees, establishing rates and method of apportionment of special taxes and reviewing investments and recommending policies and procedures for investment of public funds. He has also acted as the financial advisor or investment banker for projects financed with federal or state grants or loans, and local funding methods including special assessments, special taxes, lease obligations, tax increment revenues, property and sales taxes, and revenues from user charges and fees. Mr. Whipple was the former Mayor of the City of Laguna Niguel, California and served on its City Council for 8 years.

Gregory Angelo, Vice President

Mr. Angelo has over fourteen years of experience working in the real estate industry and was a manager at a national real estate development consulting firm, where he provided consulting services and management for over 60 development projects with diverse levels of entitlement status. Mr. Angelo's experience includes preparation and negotiation of public and private infrastructure cost share agreements, credit and reimbursement agreements, tax increment analysis, and development agreements. He has successfully negotiated over \$100 million in development cost reductions to assist with stimulating new project development, formed and implemented public financing districts, including special tax districts, such as Mello-Roos Community Facilities Districts and special assessment districts.

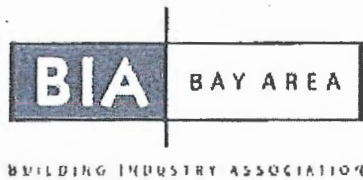
Mr. Angelo was a principal at The Valuations Group (TVG), where he was responsible for the evaluation of interests in several hundred public and private limited partnerships on behalf of the firm's banking, trust, and brokerage firm clients. He was also involved in the firm's consulting services, including issuance of fairness opinions, due diligence on new investments, and analysis of real estate investments. Mr. Angelo was also an associate in the commercial lending group at NationsBank Corporation (currently Bank of America), where he was responsible for business analysis and the portfolio management of public and private commercial clients with revenues up to \$250 million. Mr. Angelo graduated from The University of Mississippi with a B.B.A in banking and finance and a B.A. in psychology. Mr. Angelo currently serves on the North State Building Industry Association Board of Directors and the Home-Aid Sacramento Board of Directors.

Michael F. Whipple, Jr., Vice President

Prior to joining Development & Financial Advisory, Mr. Whipple worked for a land development consulting firm for ten years. He has experience in advising developers, home builders and industry associations on the various types of infrastructure financing programs, including Community Facilities Districts, Assessment Districts, Redevelopment Agency and Development Impact Fees, along with cost reduction strategies to increase project feasibility and cash flow. He has also successfully negotiated school mitigation agreements and has conducted comprehensive economic impact analysis for various clients. Mr. Whipple has been responsible for the formation and issuance of public finance districts and development of cost reduction strategies in excess of \$500 million. Mr. Whipple graduated with a bachelor's degree in economics from California State University, Chico.

Benjamin Caragan, Vice President

Mr. Caragan has over ten years of experience in conducting complex financial analysis for clients. Mr. Caragan specializes in financial and budgetary analysis and works with public agencies ranging from cities and counties to water districts and has been and is involved in high level restructuring of utility rates and internal billing rates for various municipalities. He has also been extensively involved in the development and implementation of structured financings involving various public agencies and has experience in land-secured financings, which have included bond issues in multiple series. Mr. Caragan has assisted in the establishment of special districts which have included improvement areas and tax zones located in numerous municipalities. He has developed and implemented structured financings involving public agencies to finance capital improvements, development impact fees, and real property acquisitions. This required feasibility analysis by preparing financial models to analyze bonding capacities of special districts according to a desired total tax rate and the public facilities to be financed by the development community. Prior to his work in public finance, Mr. Caragan's investment banking career included working for Citigroup where he was involved in the Mergers and Acquisitions (M&A) division. Mr. Caragan earned a Bachelor's of Science degree in Biology and an MBA from the University of California, Riverside.



February 21, 2017

Mayor Lisa Gillmor and City Council Members
Santa Clara City Hall
1500 Warburton Avenue
Santa Clara CA 95050

Dear Mayor Gillmor and City Council Members,

BIA Bay Area urges that the Council defer any action on residential affordable housing impact fees and direct City Staff to engage in the following actions:

- Establish an affordable housing impact fee working group consisting of market rate housing builders, affordable housing builders, housing advocates, commercial builders and community leaders to conduct additional outreach and develop practical policy recommendations;
- Identify and analyze the improvements or facilities and the costs of those improvements that are being considered to alleviate impacts. Incorporate data from the General Plan Housing Element, Land Use Planning and Growth projections, Inclusionary Housing Policy, ABAG RHNA numbers, Capital Improvement Planning, affordable housing site availability and acquisition costs, and affordable housing production plans into the Nexus Studies;
- Revise both the residential and nonresidential Nexus Studies to analyze overlapping impacts of residential and nonresidential construction and to allocate proportionality of those impacts to the two development types;
- Conduct an economic feasibility study to ensure the continued flow of residential development is not interrupted or deteriorated by an incentive to produce nonresidential development;
- Gather and present a complete report of total fee load on residential development, including a comparative analysis of fee load in surrounding jurisdictions;
- Request and incorporate information from Santa Clara County regarding funding opportunities in the recently adopted Measure A Affordable Housing Bond.

Important to this discussion are policy considerations that could ease the burden of new fees and incentivize the development of affordable housing. BIA offers these suggestions for Council deliberation that ought to be addressed by a stakeholder working group:

- Forestall inflationary and destructive effects of this new fee on the development of market rate housing region-wide by adopting a residential housing impact fee no higher than \$17 per sq. ft. to stay in relationship with other nearby cities such as Sunnyvale (\$17), Mountain View (\$17), San Jose, (\$17), and Fremont (\$17.50);

- Provide attractive incentive provisions in the adopted policy for builders to voluntarily construct a percentage of required affordable units in rental developments. Such incentives should be addressed in a robust local density bonus policy consistent with State law incorporating reduced parking requirements, increased height limits, reduced setbacks, and other incentives such as fee discounts for developments that build units either onsite or offsite;
- Provide incentives to develop affordable-by-design units of reduced size (especially transit oriented) such as Fremont's 50% discount of impact fees for these units;
- Carve out a separate and fair process for specific plan areas where planning is out of developer control, such as Tasman East;
- Adopt a longer and more gradual than the staff recommended 6 month phase in of fees to allow for land values and site acquisition deals to adjust to a new economic paradigm;
- Determine the fairest point in the process to assess fees, whether at building permit or certificate of occupancy.

It is an undisputed fact that there is a critical need to address the crisis of housing affordability throughout the Silicon Valley region, including the City of Santa Clara.

The California Legislative Analyst Office and many other authorities have assessed that housing affordability has become a crisis due to the lack of housing supply, recent explosive regional job growth, the termination of redevelopment by the state legislature. These economic, political and social factors should be addressed by a wide range of resources including society at large, and not chiefly allocated to builders of market-rate housing.

It is critical that the City of Santa Clara continue to produce market rate housing. The City's jobs/housing imbalance is a testament to the under production of housing to meet the demands of its robust economy. Careful consideration must be given to additional cost and fee burdens. Restrictive land use regulations, infrastructure costs, impact fees and rising labor costs create serious impediments to addressing the affordability crisis the region is facing.

Upon review of the KMA Nexus Study and the fee methodology utilized to determine the maximum supportable nexus-based housing fees, BIA Bay Area has preliminarily concluded that the Nexus Study grossly overstates the "maximum supportable impact fee levels". We respectfully request to be given an opportunity to present our findings to the Council in a subsequent meeting.

Respectfully submitted,

Dennis Martin

Government Affairs

BIA Bay Area

Lynn Garcia

From: Mayor and Council
Subject: FW: Impact fees

From: jeff papp [mailto:jcraigpapp@gmail.com]
Sent: Monday, February 20, 2017 1:58 PM
To: Mayor and Council
Subject: Impact fees

This is nothing but SOCIALISM being foisted on free people. Since when is location an entitlement? I would like to live in LaJolla or Hillsborough. Does this then make it right for those politicians to penalize their residents to accommodate me? TRUMP won for a reason, whether we like it or not. Part of this reason had to do with governmental overreach and private property rights. Americans already have enough meddling and bureaucracy in nearly every aspect of life. PLEASE COME TO YOUR SENSES AND ABANDON THIS IDEA. Charities and churches can handle this stuff. ALTRUISM IS NOT A FUNCTION OF GOVERNMENT AND WHEN YOU WERE ELECTED I DONT REMEMBER THAT UNDERMINING A FREE MARKETPLACE, WHETHER IN REAL ESTATE OR BAKE SALES, WAS IN ANY VOTER HANDBOOKS. I would not be surprised if approval of these fees might trigger blanket recall efforts. Jeff Papp 57year resident.

Lynn Garcia

From: Mayor and Council
Subject: FW: Santa Clara Impact Fee...

From: Murali Gubbala [<mailto:murali.gubbala.ca@gmail.com>]
Sent: Monday, February 20, 2017 11:03 AM
To: Mayor and Council
Subject: Santa Clara Impact Fee...

Honorable Mayor & Council Members,

We would like to voice our opposition to the Santa Clara Impact Fee, as it is eventually going to hurt majority of the hard working families to buy their home and live closer to their work places. The prices of homes and apartments are already very high and they are not affordable for majority of the families. Now adding tens of thousands of dollars in the name of Santa Clara Impact Fee is only going to make the situation worse.

Best Regards
Murali & Sunitha Gubbala
3493 Gibson Ave,
Santa Clara

Lynn Garcia

From: Mayor and Council
Subject: FW: NO to increased Impact Fee's
Importance: High

From: Don Tanner [<mailto:donaldtannerjr@gmail.com>]
Sent: Friday, February 17, 2017 5:56 AM
To: Mayor and Council
Subject: NO to increased Impact Fee's
Importance: High

This is what happens, even maybe with the best of intentions, but government gets IN THE WAY and adds fees and more fees which stifle people from wanting to develop and create housing which we have a shortage of. REDUCE the fee's and motivate people to build more so more people can achieve the American Dream. GOVERNMENT - Fees are not the answer to everything!

Don

Don Tanner

Lynn Garcia

From: Mayor and Council
Subject: FW: SV@Home Comment Letter - Re: 2/21 Council Meeting - Affordable Housing Requirements Update
Attachments: SVH_CoalitionLtr_17A_AffordableHousingImpactFees.pdf

From: Nicole Montojo [mailto:nicole@siliconvalleyathome.org]
Sent: Tuesday, February 21, 2017 12:08 PM
To: Mayor and Council
Cc: Andrew Crabtree; Anna McGill
Subject: Re: SV@Home Comment Letter - Re: 2/21 Council Meeting - Affordable Housing Requirements Update

Dear Mayor Gillmor, Vice Mayor O'Neill, and Councilmembers Caserta, Davis, Kolstad, Mahan and Watanabe:

On behalf of SV@Home, I write to submit the attached **amended comment letter** regarding Item 17 A (Affordable Housing Nexus Summary) on tonight's City Council meeting agenda. While our recommendations have not changed from the letter we submitted on February 10, the amended letter includes additional signatories from the following organizations:

- Destination: Home,
- Housing Trust Silicon Valley,
- Somos Mayfair,
- First Community Housing,
- Bill Wilson Center,
- Affordable Housing Committee of the Sunnyvale Democratic Club,
- Charities Housing, and
- Greenbelt Alliance

Thank you for the opportunity to share our input on this issue.

Sincerely,

Nicole Montojo
Policy Associate
SV@Home
Office: (408) 780-4758
nicole@siliconvalleyathome.org

sv@home

350 W Julian St. #5, San Jose, CA 95110
[Website](#) | [Facebook](#) | [Twitter](#) | *[Become a Member!](#)*

From: Nicole Montojo <nicole@siliconvalleyathome.org>
Date: Friday, February 10, 2017 at 3:47 PM
To: "MAYORANDCOUNCIL@santaclaraca.gov" <MAYORANDCOUNCIL@santaclaraca.gov>, Anna McGill <AMcGill@SantaClaraCA.gov>
Cc: "acrabtree@santaclaraca.gov" <acrabtree@santaclaraca.gov>, Pilar Lorenzana <pilar@siliconvalleyathome.org>, Leslye Corsiglia <leslye@siliconvalleyathome.org>
Subject: SV@Home Comment Letter - Re: 2/21 Council Meeting - Affordable Housing Requirements Update

Dear Mayor Gillmor, Vice Mayor O'Neill, and Councilmembers Caserta, Davis, Kolstad, Mahan and Watanabe:

On behalf of SV@Home, I respectfully submit the attached comment letter regarding the proposed updates to the City of Santa Clara's affordable housing requirements, which will be discussed at the February 21 City Council meeting. We are happy to answer any questions you may have regarding the recommendations included in the letter.

Thank you for the opportunity to provide feedback.

Sincerely,

Nicole Montojo
Policy Associate
SV@Home
Office: (408) 780-4758
nicole@siliconvalleyathome.org

sv@home

350 W Julian St. #5, San Jose, CA 95110

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2/21/17

17A



Leadership Board

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*Hispanic Foundation
of Silicon Valley*

Janice Jensen, Vice Chair
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Kevin Zwick, Treasurer
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Kathy Thibodeaux, Secretary
KM Thibodeaux Consulting LLC

Shiloh Ballard
Silicon Valley Bicycle Coalition

Bob Brownstein
Working Partnerships USA

Christine Carr
Silicon Valley Bank

Rahul Chandhok
San Francisco 49ers

Katie Ferrick
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TRANSMITTED VIA EMAIL

February 21, 2017

Honorable Mayor Gillmor and Members of the City Council
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA

Re: February 21, 2017 City Council Meeting – Item 17A. Affordable Housing Requirements Update

Dear Mayor Gillmor, Vice Mayor O'Neill, and Councilmembers Caserta, Davis, Kolstad, Mahan and Watanabe:

Silicon Valley at Home (SV@Home) is the voice of affordable housing in Silicon Valley, representing a broad range of interests, from leading employers who are driving the Bay Area economy to labor and service organizations, to nonprofit and for-profit developers who provide housing and services to those most in need. Our mission is to drive the creation of affordable housing for a more vibrant and equitable Silicon Valley, and we believe that affordable housing impact fees provide a critical tool for advancing this mission.

On behalf of our members, we thank you for your consideration of the proposed impact fees for both residential and non-residential development, and we look forward to engaging in the public process as your discussions on this issue continue in the future. By taking action on the nexus study recommendations and proactively engaging stakeholders in the process, the City of Santa Clara has set an example for the other jurisdictions participating in the multi-jurisdictional nexus study effort.

We are submitting this letter in support of the adoption of residential and non-residential impact fees for new development in Santa Clara, which would provide much-needed funding for affordable housing. This funding is critical given Santa Clara's high jobs-housing imbalance – the second-highest in the County, with close to 3 jobs for each housing unit – and exceedingly high rents. Recent data shows that the median rent for a two-bedroom apartment in Santa Clara is \$2,895 (Zillow Rental Data, December 2016). The need for more affordable housing is thus especially dire for low-income workers, with over 9 low-wage workers competing for every affordable unit in the City (UC Davis Center for Regional Change, October 2016).

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POST MEETING MATERIAL

Along with several SV@Home member organizations – including MidPen Housing, the Core Companies, Eden Housing, Greenbelt Alliance, and the Silicon Valley Law Foundation – we had the opportunity to participate in a stakeholder meeting in January with staff of the Housing and Community Development Department to discuss the Santa Clara nexus study findings. In this letter, we offer our recommendations in response to staff's proposal presented at the January stakeholder meeting as well as issues raised by the Planning Commission regarding the proposed changes to Santa Clara's affordable housing requirements.

For-Sale Residential Inclusionary Requirements and In Lieu Fees

- **For-sale inclusionary requirements:** We request that the City Council consider increasing the for-sale inclusionary housing requirement to 15 percent. This level is in line with several other Santa Clara County jurisdictions, including Cupertino, San Jose, Campbell, and Palo Alto, as well as with former Redevelopment Agency inclusionary policies.
- **For-sale alternative compliance options:** Additionally, we recommend that the City adopt a policy that provides developers with flexibility in meeting inclusionary requirements. Rather than requiring every development with 10 or more units to provide inclusionary units, developers should have the option to choose from multiple alternative compliance options. These may include paying the in-lieu fee, partnering with an affordable housing developer to build deed-restricted units, dedicating land to the City for future affordable housing development, or purchasing units in other developments. Such options may result in more affordable units or more deeply affordable units being built if the City or an affordable housing developer can access leveraged funds (such as tax credit funding). Furthermore, flexibility allows the developer to pursue the option that works best with the market rate project, recognizing that all developments are different in terms of size, product type, and pricing.

Rental Residential Impact Fees and Alternative Compliance Options

- **Rental residential impact fees and alternative compliance options:** We support the staff proposal to adopt a residential rental fee of \$25 per square foot. By setting the fee at a level commensurate with those of neighboring jurisdictions, which range from \$17 to \$25 per square foot, the City can expect that the fee will likely not deter development.
- **Rental residential alternative compliance options:** As with the in-lieu option for for-sale development, we also support the provision of alternative compliance options for rental residential developers, such as building units on site or other approaches mentioned above, as a means for meeting their affordable housing obligations. If developers are to meet the City's affordable housing requirements by providing 15% affordable units rather than paying the fee, we strongly recommend that the City require these units to be affordable to low-income households earning 60 percent of AMI or below. As established by the nexus study, the need for affordable housing resulting from new development is created primarily by low-income working households, so it is critical that the units created through the city's affordable housing requirements are affordable to these low-income workers.

Non-Residential Impact Fees and Other Recommendations

- **Non-residential impact fees:** We support the recommended fee ranges identified by Keyser Marston Associates through the nexus study (\$10-\$15 per square foot for office and \$5-\$10 per

square foot for all other non-residential)). However, we do not support the staff recommendation to exempt retail and hotel uses from the proposed fee. Adopting fees for retail and hotel uses is especially important because, as shown in the nexus study, these types of development generate the greatest need for affordable housing for workers. SV@Home strongly recommends that the Council adopt fees for all non-residential uses, including retail and hotel uses, to address the need for affordable housing that such developments create.

- **Grace period for pipeline developments:** We support the staff proposal for a six- month grace period following the adoption of new impact fees as well as the idea to allow an even longer grace period for projects with site control. However, we believe that an additional 2.5 year grace period, as suggested by the Planning Commission, is longer than necessary. Instead, we propose a 1.5 year grace period for such projects.

Again, we thank you for your leadership on this issue as well as your ongoing efforts to prioritize affordable housing in Santa Clara. We appreciate the opportunity to provide input and are happy to respond to any questions you may have. Thank you in advance for your consideration of our above recommendations.

Sincerely,

Pilar Lorenzana, Deputy Director
SV@Home

Jennifer Loving, Executive Director
Destination: Home

Kevin Zwick, Chief Executive Officer
Housing Trust Silicon Valley

Camille Llanes-Fontanilla, Executive Director
Somos Mayfair

Geoffrey Morgan, President & CEO
First Community Housing

Sparky Harlan, Chief Executive Officer
Bill Wilson Center

Sue Serrone, Member
Affordable Housing Committee of the Sunnyvale Democratic Club

Dan Wu, Executive Director
Charities Housing

Kiyomi Honda Yamamoto, South Bay Regional Representative
Greenbelt Alliance

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February 21, 2017

Dear Mayor Gillmor and Councilmembers:

Silicon Valley Rising (SVR) strongly advocates for the City of Santa Clara to adopt both residential and non-residential impact fees for new development projects following the City Council's February 21st meeting on affordable housing requirements. As a coalition of low wage contract service workers in the tech economy, labor, community, and faith organizations we have seen firsthand the impacts of unaffordable home prices on our communities most vulnerable populations. We believe that the impact fees and other staff recommendations being considered are critical to creating an affordable housing agenda that is financially solvent and accountable to the populations hardest hit by the housing crisis.

We believe that creating a funding stream for affordable housing developments through the establishment of impact fees on residential and non-residential development would demonstrate the City of Santa Clara's dedication to working with its regional partners to alleviate the ongoing regional housing crisis. Silicon Valley's rising inequality and lack of protective housing policies for vulnerable populations has resulted in the skyrocketing of home prices and rents – with average rents in Santa Clara for a 2-bedroom apartment costing nearly \$3,000. These costs are unsustainable for the teachers, firefighters, police officers, and service workers being displaced from their lifelong homes in Santa Clara every day.

In particular, we support the staff recommendation of **increasing the for-sale inclusionary housing requirement to 15%** – this amount is in-line with other local jurisdictions that have inclusionary housing requirements and would ensure that affordable units are created at levels high enough to grant a substantial number of families access to affordable housing. SVR also supports the staff recommendation to **adopt a residential rental fee of \$25 per square foot** and strongly advocates for **the adoption of fees for all non-residential uses** to address the significant need for affordable housing that non-residential projects inevitably create. While the staff recommended exemptions from fees for hotel developments, we believe the Council should consider **a fee for hotel and retail projects in line with other non-residential fees**. In addition, SVR believes that the 2.5-year grace period for projects with site control as proposed by the Planning Commission is too long of a wait. We recommend a **1.5-year grace period** instead.

On behalf of coalition and the working families we represent throughout Silicon Valley, we are hopeful that the Council will strongly consider our recommendations, thereby establishing stronger conditions for affordable housing in the City of Santa Clara and demonstrating sound leadership on one of our region's most historic and complex crises.

Sincerely,

Ben Field, Executive Officer, South Bay AFL-CIO Labor Council

Derecka Mehrens, Executive Director, Working Partnerships USA

Rome Aloise, President, Teamsters Joint Council 7

Chava Bustamante, Executive Director, Latinos United for a New America

Riko Mendez, CEO, SEIU Local 521

Elizabeth Gonzalez, Silicon Valley DeBug

Susan Reed, International Representative, UAW National Organizing

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