



LEAGUE OF WOMEN VOTERS
of the Los Altos-Mountain View Area
97 Hillview Avenue, Los Altos, CA 94022

June 3, 2012

Mayor Mike Kasperzak and Members of the City Council
City of Mountain View
500 Castro Street
Mountain View 94041

Re: June 5, 2012 Council Meeting – Agenda Item 7.1 Rental Housing Impact Fee Options and Work Plan for Review of Housing Impact Fees for Nonresidential Development

Dear Mayor Kasperzak and Members of the City Council:

The League of Women Voters of the Los Altos-Mountain View Area encourages the Council to move forward with adoption of an affordable housing impact fee and to proceed with a work plan to review the Housing Impact Fee for nonresidential development. Once again, we commend the staff for a thorough report on this relatively complex issue of the best ways to fund affordable housing.

The staff report clearly points out the continued need for affordable housing funds, along with the importance of the loss of redevelopment funds available for this purpose. Thus, new revenue sources to provide affordable housing are needed. We believe the Housing Impact Fee for nonresidential development in Mountain View is significantly lower than that of many other cities. Staff has referenced only those in Santa Clara County, but many other nearby cities such as Menlo Park have adopted these linkage fees, as well, and most are higher than Mountain View's. We believe that jobs creation is the biggest driver of the need for more housing, including affordable housing. Therefore, it is logical to update this impact fee.

We also strongly support adoption of a rental housing impact fee. In this case, our hope is not to collect high fees, as we hope that the fees coming from ownership development and nonresidential development will be sufficient to allow the City to continue its affordable housing programs. Prior to the Palmer decision, the City's affordable housing program required rental housing developers to build 10% of their new units as below-market-rate ("BMR'S") units. This meant that BMR's would be dispersed throughout the City and also that these units would be built efficiently and economically. We are optimistic that if the City adopts a rental housing impact that allows flexibility for the developer, this will allow the City to negotiate on a case-by-case basis with each developer. The main objective should be to incent the developer to build BMR units.

Clearly, the higher the fee, the more this incentive. It would seem fair to adopt a 4.6% fee, which is equivalent to what the 1999 ordinance required with 10% BMR units. That said, once the City has any impact fee in place, the City can negotiate with the developer; perhaps the developer will provide slightly fewer BMR units than is equivalent to the fee, but the City will see its supply of affordable units being increased. We would hope that the City would request the developer to provide units at

very-low income levels, rather than the 65% AMI that has been suggested, even though we understand this will mean fewer units as the subsidy is greater. We believe this is the greatest need and even the parcel tax survey showed that residents preferred helping those at the lowest income levels.

We agree with the staff recommendation that an ordinance that allows flexibility in satisfying the rental housing impact fee is important. We know that other cities that have adopted rental housing impact fees have found ways to negotiate with developers to provide units instead of paying fees and we believe Mountain View will be able to do this, if the majority of the Council agrees with us that they prefer units to fees. Nonetheless, other options such as land dedication might be appropriate in some cases.

Presently, developers of new ownership units and developers of nonresidential square footage are paying housing impact/linkage fees. We think it is fair that developers of new rental housing also be subject to such fees if the system is to be equitable.

We hope the Council will proceed to adopt an impact fee following staff recommendations and also authorize the work plan to review the linkage fees for nonresidential development. Thank you for considering our comments.

Sincerely yours,

Donna Yobs
1157 Karen Way
Mountain View, CA 94040
Co-Chair, Housing Committee
LWV of the Los Altos-Mountain View Area

Cc: Randy Tsuda
Jannie Quinn
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