



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

May 22, 2016

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

Re: City Council Meeting, March 24, 2016 - Agenda Item 6.3 - 660 Tyrella Avenue Project

Dear Mayor Showalter and Members of the City Council:

The LWV would like to comment on the below-market-rate (BMR) component of the 660 Tyrella Avenue Project. The LWV supports actions that provide affordable housing for all Californians, including BMR programs which disperse affordable housing units throughout the community. This is why the LWV has consistently supported legislative efforts to overturn the Palmer decision.

We understand that the City's policy has been to allow developers to pay in-lieu fees rather than build units when ownership units are expected to sell over a certain price, now \$670,000. Nonetheless, we have advocated for many years for an increase in the in-lieu fees that developers are paying, since the fees are so far below what the cost to the developer would be to build the units.

We believe that the policy of allowing developers to pay in-lieu fees was adopted in 1999 because of concern that allowing first-time homebuyers to purchase homes at such a discount was too much of a windfall to a few select buyers. That Council, and subsequent Councils, believed that the fees could be better utilized if paid to an affordable housing fund that could be accessed to help finance all-affordable developments.

We are not taking issue with that policy, but want to point out that there is no equivalency between the amount of the fees and the cost of providing the BMR units to the developer. For example, in this instance, should the homes sell for \$1,275,000, and if the developer provided 3 BMR units, selling for perhaps approximately \$400,000 apiece, the cost to the developer would be \$1,275,000 minus \$400,000 or \$875,000, times 3 units, which would be \$2,625,000, plus the in-lieu fees due on the fractional unit, \$267,750, for a total cost to the developer of \$2,892,750. This is more than twice the estimated in-lieu fee of \$1,400,000. We once again urge the Council to revisit this issue.

Thank you for considering our input.

Donna Yobs
Co-Chair, Housing Committee
LWV of the Los Altos-Mountain View Area

Cc: Dan Rich Randy Tsuda
 Melinda Denis Lisa Ring