

TRANSMITTED VIA EMAIL

May 31, 2017

Dominic Caserta, Chair
Ad Hoc Affordable Housing Working Group
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Policy Considerations for a Proposed Affordable Housing Impact Fee, May 31, 2017

Dear Chair Caserta and members of the Affordable Housing Working Group,

On behalf of the undersigned partner organizations, we commend the City of Santa Clara for convening an Affordable Housing Working Group to provide feedback on the City's proposed Affordable Housing Impact Fee. We also commend City Staff for their thoughtful engagement on the various policy considerations related to establishing a meaningful fee to fulfill the City's affordable housing goals.

We write to offer the following feedback and recommendations on the proposed framework identified in the staff memo prepared for today's final working group meeting.

Housing Objectives: Instead of a 12.5 percent affordable housing goal, we recommend a **15 percent** affordable housing **REQUIREMENT**. A 15 percent affordable housing requirement will help the City improve the significant jobs and housing imbalance that already exists in Santa Clara and is in line with inclusionary requirements in neighboring jurisdictions.

Affordability targets: Further, we recommend that the affordable housing requirement be targeted to provide housing for lower-income households – those that earn 60 percent of the area median income or less.

Compliance methods: In addition to the identified compliance methods – providing the units on-site or payment of an in-lieu fee – we also recommend allowing the developers the option to dedicate land. Doing so not only provide the development community with the most flexibility, this could help the City achieve its housing goals by allowing the affordable housing community to tap into other (non-City) funding sources and create more affordable units.

For-sale Residential Development Impact Fee. We support staff recommended fee levels. However, we recommend the following changes to the underlying policy language:

- New For-Sale Residential Development **SHOULD** provide **AT LEAST** 15 percent of units as affordable. As presently worded, the use of “can” and “up to” is ambiguous and may render the housing goal unachievable.

Rental Residential. We recommend parity between developments intended for lease and sale. We recommend a rental impact fee of \$25 per square foot. Further, we recommend that fee waivers only be granted to development that provide **AT LEAST 15 percent** affordable units on-site. A vast majority of new development is geared towards the rental market; it is important that the City not lose out on potential inclusionary units by setting a lower threshold for rental developments.

Non-Residential. We support staff recommended levels reflected in the memo.

Exemptions. We support staff recommended exemptions reflected in the memo.

Implementation. We support staff's recommendation of a 6- month grace period but recommend a shorter roll out period after the initial grace period. We would support the proposed staggered approach provided an adjustment to the affordability requirement (15 percent) and a rental impact fee of \$25 per square foot.

In closing, we would like to express our appreciation for the invitation to be a part of the Affordable Housing Working Group. We appreciate the opportunity to be part of the conversation and the thoughtful and respectful dialogue that has transpired during our meetings.

Sincerely,

Pilar Lorenzana, SV@Home
John White, Adobe Services
Hamid Taeb, Habitat for Humanity EBSV
Kiyomi Honda Yamamoto, Greenbelt Alliance
Jim Mather, Housing Trust Silicon Valley
Sarah McIntire, MidPen Housing Corporation