



July 25, 2016

Adrian Fine, Chair
Palo Alto Planning and Transportation Commission
250 Hamilton Ave
Palo Alto, CA 94301

Re: July 27, 2016 Agenda Item No. 1: Affordable Housing and Commercial Impact Fee Ordinance

Dear Chair Fine and Planning and Transportation Commissioners,

The League of Women Voters of Palo Alto (LWVPA) applauds the City's continuing efforts to provide mechanisms for the provision of housing for those with very low, low and moderate incomes. LWVPA has historically supported both Palo Alto's inclusionary housing program and the assessment of housing impact fees on non-residential development for the Affordable Housing Fund. These programs have provided many below market rate (BMR) rental and for-purchase homes and have been a valuable source of funding for very low, low and moderate income housing developments in Palo Alto.

We are in a housing crisis. The City needs to create opportunities for far greater numbers of housing units for those with very low, low and moderate incomes than ever before. What is the best policy to do this?

- To encourage the development of units for those with very low and low incomes, should the City encourage housing impact fees for a robust Affordable Housing Fund rather than encouraging market rate developer- provided on or off-site units?
- To encourage the development of units for those with moderate incomes, should the City encourage market rate developer-provided on or off-site units, rather than collecting housing impact fees?

The staff report states that the ordinance before you is designed to create incentives for developers to provide units on or off site, rather than paying the very high housing impact fees that are proposed. LWVPA is concerned that this would mean less funds for units for those with very low and low incomes.

While LWVPA supports policies that allow for the provision of units for those with moderate incomes where it is feasible for a developer to do so, LWVPA notes that this ordinance may have the consequence of producing much less cash for the Affordable Housing Fund. **Today, cash from this Fund can be leveraged to obtain other sources of funding (for example through the federal Tax Credit program) for the development of many more units for those with very low and low incomes, than can otherwise be produced when a developer provides units on or off site rather than housing impact fees.**

Thus, this proposed ordinance may have the effect of creating tension between the need for units for those with very low and low incomes versus those with moderate incomes. Is this the policy the City wishes to implement?

In reviewing this proposed ordinance, we urge you to consider the following:

1. Will the levels of the housing impact fees on both office and residential development in the proposed ordinance generate sufficient cash for the Affordable Housing Fund to support the development of many more units for those with very low and low incomes?
2. Are the requirements for determining the infeasibility of providing units vs. paying the fees too onerous? We note that the methodology does not include the loss to the developer of income from sale or rental.
3. Are the fees so high and the infeasibility requirements so onerous as to discourage all types of development and thus reduce the sources for these funds and units?
4. Will the cost burden of the fees and/or the cost burden of providing units be passed on to the renter or purchaser, thus increasing market rate rental (office and residential) and purchase prices even more?
5. Will the proposal to impose fees on rental housing cause the high rents in Palo Alto become even higher, thus making it even more expensive to live here?

Thank you for considering these critically important policy issues.

Very truly yours,

A handwritten signature in cursive script that reads "Bonnie Packer".

Bonnie Packer
President
League of Woman Voters of Palo Alto