



January 7, 2017

Greg Scharff, Mayor, and City Council Members  
250 Hamilton Ave  
Palo Alto, CA 94301

Re: January 9, 2017, Consent Calendar Item No. 14: Housing Impact Fee Ordinance - Second Reading

Dear Mayor Scharff and City Council Members,

The League of Women Voters of Palo Alto (LWVPA) requests that Consent Calendar Item No. 14, Housing Impact Fee Ordinance - Second Reading, be removed from the Consent Calendar to give the Council an opportunity to further consider the recommendations of the Planning and Transportation Commission (P&TC). While the Council did accept one of the P&TC recommendations regarding the impact fee for new rental housing, LWVPA urges the Council to consider the other recommendations of the P&TC for the reasons in LWVPA's December 7, 2016, letter to the Council on these ordinances as set forth below.

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. For this reason, LWVPA supports the proposed Citywide Affordable Housing Requirements Ordinance and the housing impact fees recommended by the Planning and Transportation Commission (P&TC).

In our comments to the P&TC on this ordinance, LWVPA noted the difficulty in balancing the desire to ensure there is a robust Affordable Housing Fund to support development of multi-unit housing for those with very low, low and moderate incomes *versus* the desire to have a certain amount of below market rate housing units sprinkled throughout the City. The Commissioners' thoughtful discussions on this and other important policy issues were the basis for their fee recommendations regarding the ordinance and the associated fee schedule.

LWVPA supports the P&TC impact fee recommendations that differ from the staff recommendation for the following reasons:

- An impact fee on new rental housing that is comparable to neighboring cities – between \$10-20 per square foot – would alleviate the negative impact to renters who are already struggling to pay the current exceedingly high rental rates.
- An impact fee of \$95 per square foot on new detached market rate housing would help maintain a robust Affordable Housing Fund.

LWVPA realizes that the effect on the City's affordable housing policies and goals of the fee schedule is unknown; therefore, we support the P&TC proposals that the impact fees for the non-residential developments be phased in over five years and that all the impact fees be reviewed annually by the P&TC.

While LWVPA supports the proposed Citywide Affordable Housing Requirements Ordinance, we still have concerns that the thrust of the ordinance is to favor on-site below market rate units as opposed to the payment of fees. We noted in our letter to the P&TC:

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.

Thank you for considering our comments.

Very truly yours,

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

Bonnie Packer  
President  
League of Women Voters of Palo Alto