



October 14, 2015

Mayor Jeff Gee
City of Redwood City
P.O. Box 391
1017 Middlefield Rd.
Redwood City, CA 94063

RE: Development Impact Fees for Affordable Housing

Dear Mayor Gee:

Cities across Silicon Valley are starting to deliberate how they can re-start their respective pipelines of affordable housing production. As you know, San Mateo County is at the center of a housing affordability crisis of historic proportions, which is precipitated in large part by our location as the northern end of Silicon Valley, our geographic limitations on the peninsula, and our fragmented jurisdictional landscape. Considering the dissolution of Redevelopment Agencies (RDA), coupled with the legal challenges to inclusionary housing programs, cities are further limited in their ability to require or fund the production of affordable housing, specifically rental housing.

The demand for new housing here appears almost endless. Our local jobs economy continues to experience explosive growth, creating 40,000 jobs over the last three years. In response, only 3,000 units of housing were created over this same three year period. This tremendous imbalance has further skewed our existing jobs-housing mismatch and has caused housing prices to skyrocket. Average rents have increased by 50% in the last four years. In having a workforce and community of diverse incomes, a commensurate inventory of housing that is affordable to that range is important – housing affordabilities that “fit” our diverse workforce.

Unfortunately the production of market-rate housing is not providing housing options for a significant portion of our workforce and community. As a result, employers – both public and private - are struggling with the impacts of expensive housing in the form of employee turnover, loss of productivity, and an inability to attract and retain qualified personnel. The county is experiencing a distressing exodus of workers who are essential to making our communities complete, including child care workers, teachers, paramedics, home health aides, hotel clerks, and restaurant staff. The fabric of our community is being weakened and undermined. Ironically, the largest number of future job openings in San Mateo County is expected to be in low- and moderate-wage occupations (making less than \$20/hour).

A coalition of community groups has formed (please see the signatories below) to encourage local jurisdictions to adopt housing impact fees and commercial linkage fees to enable an important source of funding for the creation of deed-restricted, affordable housing that serves

these income segments neglected by the market. We urge our City Council members to adopt meaningful fees to help mitigate the impacts of new residential and commercial development and to create a new source of funding available for affordable housing development and other necessary programs.

Development impact fees are an important and legally tested way for communities to mitigate the collateral impacts of new growth. They provide an ongoing source of funding for new affordable housing and other uses. These fees are no different than other types of impact fees levied for parks, schools, or traffic. As new market-rate housing and new businesses bring additional people to a community, it drives the need for additional services that are provided by lower-income workers. Development impact fees will ensure that those new low-income workers that contribute to the success and vitality of our community will be able to live here too. These fees will also help to ensure that the additional “burden” placed on our strained housing market meets the full needs of our community.

Therefore we urge the following actions:

- a. Implementation of a meaningful residential impact fee that is high enough to ensure that the city is able to either maintain or improve their existing jobs-housing fit.
- b. Implementation of an in-lieu, inclusionary requirement. You may wish to consider an approach similar to what San Mateo implemented that adjusts the percentage units required to income level targeted (i.e. 15% for low-income or 10% very low-income).
- c. Implementation of a meaningful commercial impact fee that is high enough to ensure that the city is able to either maintain or improve their existing jobs-housing fit.

With so much public funding going into the enhancement of our primary growth areas, we think it is only fair that those that build there and are benefitting from future appreciation contribute their fair share to maintain balance and diversity in our community.

Thank you for your dedication and efforts towards sustainable planning and bringing greater housing affordability to your community.

Please contact Joshua Hugg, Program Manager at Housing Leadership Council of San Mateo County, at jshugg@hlscmc.org or (650) 872-4444, x2# if you have any questions.

Sincerely,

San Mateo County Development Impact Fee Coalition:

Housing Leadership Council of San Mateo County

Greenbelt Alliance

Non-Profit Housing Association of Northern California

San Francisco Organizing Project/Peninsula Interfaith Action

Cc. City Council
City Manager