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January 6<sup>th</sup>, 2014

Mayor Bartley and City Council Members  
100 Santa Rosa Avenue  
Santa Rosa, CA 95404

Rec'd at Meeting	1/7/14
Item No.	13.2
From:	Daniel Sanchez,

NorBAR

**RE: Full Cost of Services, Community Development Department**

Dear Mayor Bartley and Council Members,

I am writing on behalf of the North Bay Association of REALTORS® (NorBAR) regarding the Full Cost of Services Study completed for the Community Development Department (CDD). We appreciate that the city has taken on the task of looking at its operations to better understand the cost of providing services. NorBAR understands that municipalities must update fees over time. However, we would like the city to use this study to start a larger conversation about how to improve efficiency and services within CDD—not simply to raise fees.

NorBAR is a four-county trade association representing nearly 3,000 members. As an association, we serve as an advocate for the interests of current and prospective homeowners. We are therefore sensitive to the impact that fees can have in the home building industry. We are additionally concerned that if fees are raised too much for certain health or safety permits, this may discourage homeowners from seeking permits.

During public workshops that CDD hosted, community members suggested numerous improvements to the department's operations. NorBAR would like the Community Development Department to explore the following initiatives:

1. Online permitting: the County of Sonoma PRMD has begun a program to allow customers to receive permits online. CDD should explore a pilot program to provide online services including receiving permits online.
2. Expedited permits for professionals and Self Certification: CDD should explore expediting the turnaround time for permits that are received from professionals such as architects, engineers or others who regularly submit applications to CDD. This could be done through a self-certification by design professionals during plan check or inspections.
3. Different prices for more services and Non-fee services: customers of CDD could be charged dissimilar fees for the amount of staff time a project takes. For example, if an applicant appeals a decision but on the second reading, the appeal does not pass, the appealing applicant could pay for the additional staff time the appeal took. CDD could also study other instances to charge a fee for additional staff effort; some of these services could include "non-fee services." This could include reviewing certain files or counter questions that may take more time.



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4. Outsourcing services: as the Full Cost of Services Study notes, many of the services that CDD provides are private benefit services. These types of services are the most commonly outsourced government services. CDD should explore which services could be conducted by private vendors at lower costs.

NorBAR believes the study should be a starting point for more discussion of how to streamline and possibly outsource department functions. If the Council increases fees, this added revenue should allow the department to implement improvements to its operations.

NorBAR is additionally concerned that simply increasing fees places no pressure for the Community Development Department to innovate or improve service. In fact, raising fees alone, entirely shields staff from any competitive pressure.

We respectfully ask that the City Council allow the conversation surrounding the full cost of service to include vital discussion on streamlining services, improving efficiency, and outsourcing services. Until these discussions take place, we believe fees should not be changed.

Thank you for considering our concerns. The North Bay Association of REALTORS® has long been a partner with the City of Santa Rosa and looks forward to continuing to work together on this important issue. If you have any questions regarding our position please contact Daniel Sanchez, Government Affairs Director at (707) 324-6610 or at [daniels@norbarrealtor.com](mailto:daniels@norbarrealtor.com).

Stephen Liebling, Chair  
Local Government Relations Committee



Rec'd at Meeting	1/7/14
Item No.	13.2
From:	Tux Tuxhorn

January 7, 2014

Melvin Tuxhorn, I am one of the few remaining local home builders in Sonoma County.

I am requesting that the City Council consider a major paradigm shift on the issue of housing.

- Housing is a vital component of a healthy city.
- The home building industry provides good paying jobs.
- The costs of government exactions, fees, mitigation, codes, inspections and various mandated requirements are placing an incredible burden on providers of new housing. These costs are a major obstacle to producing any new housing.

The recent actions of the City of Santa Rosa do not support housing production.

**Automatic 3% fee increases:**

- In the past 7 years, during the worst recession in modern history, the City has raised fees over 21% not including compounding.
- Fees, see schedule. SWSR= \$118,218.35 per house

Note: Recently other Sonoma County cities have lowered sewer fees.

**A luxury tax on housing:**

- Based on your own testimony, as outlined in my letter, (Bartley) affordable housing is a society issue, (Wysocky) the fee is a regressive tax and (Swinth) we want to maintain revenues to provide housing for a very limited certified needy portion of the population.

**Full cost recovery:**

- How can you ask the building/development community to provide full cost recovery, when government cannot control its costs?
- During the past 6 years there has been little building and development. Numerous builders and developers have gone bankrupt. If there is no activity in the building and development free market, who would pay the cost of keeping the system open?

Does this mean the cost of keeping the system running for the past 6 years is the City's base obligation to the community?

What is the City's base obligation to the general public for building and planning review?

<b>Government Mandated Costs to a NEW HOME</b>					
	<b>Salamander Mitigation</b>		\$756,000	26 houses	<b>\$ 29,076.92</b>
	<b>Storm Water Monitoring</b>				<b>\$ 2,000.00</b>
	<b>Engineering Improvement plan check</b>		\$43,000		<b>\$ 3,071.43</b>
	<b>Fire sprinklers</b>				<b>\$ 4,000.00</b>
	<b>Title 24 private inspection</b>				<b>\$ 750.00</b>
	<b>Structural code changes past 3 years</b>			est	<b>\$ 1,000.00</b>
	<b>Energy code changes past 3 years</b>			est	<b>\$ 2,000.00</b>
	<b>Safety code changes past 3 years</b>			est	<b>\$ 1,000.00</b>
	<b>Storm run off mitigation past 3 years</b>			<i>est</i>	<b>\$ 2,000.00</b>
	<b>Subtotal</b>				<b>\$44,898.35</b>
	<b>Permits plan 2</b>	see schedule attached			<b>\$73,320.00</b>
	<b>Total</b>				<b>\$118,218.35</b>

Date

11-Dec-13

**Permits and Fees**

					Permits	Effective date	Total Plan 1	Total Plan 2
Sewer					\$ 10,744	7/1/2013		
Sewer process					\$ 510			
Water inspection								
Water meter		1"			\$ 350			
Water process					\$ 510			
Water					\$ 6,186	7/1/2013		
Park					\$ 7,491	7/1/2013		
Permit					\$ 1,326			
Plan Check					\$ 1,000			
Capital facilities					\$ 5,123	7/1/2013		
misc.					\$ 129			
city					\$ 112			
city					\$ 112			
city					\$ 112			
Average Estimated permits					\$ 33,705		\$33,705.00	\$33,705.00
South West Area Development Impact Fee							\$10,992.00	\$10,992.00
Affordable Housing							\$10,393.00	\$14,124.00
In Lieu fee								
Subtotal of misc inspection and fees not deferred:								
School Fees per foot				Confirmed				
	Elementary		Bellevue	5.09	3/5/2013			
	High School		SR High	1.73	3/5/2013			
School Fees				6.82				
	1	1770	1770	6.82	12071.4		\$12,071.40	
	1	2126	2126	6.82	14499.32			\$14,499.32
Total Fees							\$67,161.40	\$73,320.32



December 16, 2013

Re: Affordable Housing Fees

Dear Mayor Bartley and Members of the Council:

On Tuesday December 10, the council considered and passed a new affordable housing ordinance. This modification was the result of law suit brought by the HBA against another municipality regarding Affordable Housing Fees in which the HBA prevailed. I watched the council's discussion on TV and would like to make some observations.

- Mayor Bartley quite eloquently described the affordable issue as a problem that confronts our society.
- Councilman Wysocky grappled with the regressive tax aspect of the fee/tax.
- Councilwoman Swinth discussed the goal of the new measure being revenue neutral in relation to the previous ordinance.
- Councilwoman Combs was concerned that developers would pass on the fees to a potential buyer

Council discussed the affordable housing need and their desire for assisted controlled units such as those managed by Burbank housing. The discussion went on to state that burdening (imposing a fee) market rate housing that maybe affordable is acceptable to generate revenue for government to develop affordable housing. The government sponsored housing programs such as Burbank Housing provides a service to the lucky few that are government certified needy. What about the 1000's of other members of our society that own, rent and survive in the free market housing?

The issue of NEXUS was glossed over. The nexus connection proposed by the consultant was over reaching at best. The consultant stated the price of a home indicates the amount of services the buyer can afford and will use. The nexus study assumes, as a fact, that a buyer of a NEW home makes a certain amount of money and therefore must use \$X of local services. The study also assumes these

services are provided by individuals that need assistance. The assumption fails to recognize that many of these entry level positions provide opportunity for students, retirees and others that are supplementing their household income. The assumption also fails to recognize many families down size to a new home as part of their retirement and make have very little income.

The issue of why the HBA prevailed and the need to modify the old ordinance was not discussed. What was discussed was two other cities had passed new ordinances to maintain their income from affordable housing fees revenues.

The council discussion did not address the fact many high paid individuals do not move, or may buy used homes or are renters. Therefore anyone who is not a NEW home buyer is free of the burden of "society's problem"? This methodology is a targeted tax on a small group of people. The fee that has been passed is equal to a "luxury tax" on those individuals that buy a new home.

In conclusion, a new tax was passed that attempts to be revenue neutral based on a very weak nexus. The revenue generated will be used along with other government subsidies to provide housing to a lucky few. This tax does little to solve the basic issue, the need for more housing. The fee that has been passed is equal to a luxury tax on those individuals that buy a new home.

There are a number of suits pending in the California courts that will eventually determine the legality of affordable housing fees. Based on the City Council discussion at the December 10, 2013 hearing, the City has exposed itself to possible litigation.

Sincerely,



M. L. Tuxhorn

