



Headquarters: 131 B Stony Circle, Suite 1700
Santa Rosa, CA 95401
(707) 542-1579 Fax (707) 542-1008

Service Center: 625 Imperial Way, Suite 2
Napa, CA 94558
(707) 255-1040 Fax (707) 252-5330

September 23, 2013

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

RE: Draft Fee Schedule for For-Sale Housing

Dear Mayor Bartley,

I am writing on behalf of the North Bay Association of REALTORS® (NorBAR) to express our concern over the proposed housing impact fee changes for for-sale housing in the City of Santa Rosa. We believe the new fee schedule methodology creates unintended economic incentives and is seriously flawed.

NorBAR is a four-county trade association representing nearly 3,000 members; 934 of which live and work right here in Santa Rosa. As an association, we serve as an advocate for the interests of current and prospective homeowners. Given our position in the real estate market, we are uniquely positioned to speak about the impacts that policy has on homeownership.

NorBAR has consistently supported building of all kinds of housing in a community. While we recognize the need to fund affordable housing we believe, however, that the recommended fees which are based on 2.5% of the value of a home is a misguided way of assessing the fee. Placing the same fee of 2.5% on a home of 1,000 square feet as on a 4,000 square foot home creates an economic incentive that could discourage smaller unit housing. A better alternative is continuing to have no fee on units less than 1,000 square feet, and maintaining the lower HAP fee that is currently in place for units up to 2,000 square feet. Households that purchase homes of less than \$400,000 dollars are typically on modest incomes; an increased fee would raise the cost of modest income people to become homeowners in Santa Rosa.

We are additionally concerned over the manner in which the City of Santa Rosa may have gathered data to determine fees. The current recommended fee schedule for the value of a home uses data from the website Zillow. Zillow has well documented problems with the accuracy of their data. Zillow is notoriously inaccurate in assessing the value of individual homes, and also does not take into account unique features of a community that influence a home's price. We would like to see important fee schedules, such as these, be based on more reliable data sources.

Additionally, we are concerned that some of the research which the city is relying upon, such as the current Table 1 "Summary of Current and Maximum Fees by Unit Size," assumes that the value of a home is largely determined by the unit size. The size of a unit is only one among many factors that influence the value of a home. A wide range of factors such as the current market conditions, the demographics of the community or the lot size, plays a significant role in determining the value of a home. We believe that the recommended fees do not take into account these important factors.



Headquarters: 131 B Stony Circle, Suite 1700
Santa Rosa, CA 95401
(707) 542-1579 Fax (707) 542-1008

Service Center: 625 Imperial Way, Suite 2
Napa, CA 94558
(707) 255-1040 Fax (707) 252-5330

We respectfully ask that the City Council reconsider the recommended fee schedule of 2.5% on all units. We believe that fees should only be revised where the nexus studies show the current fees to be higher than the recommended fee. 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 working together with the city.

If you have any questions regarding our position please contact Daniel Sanchez, Government Affairs Director at (707) 324-6610 or at daniels@norbarrealtor.com

Sincerely,

Daniel Sanchez
Government Affairs Director
North Bay Association of REALTORS®



September 24, 2013

Mayor Scott Bartley
City of Santa Rosa
100 Santa Rosa Avenue, Room #10
Santa Rosa, CA 95404

Re: Agenda Item 13.1, Housing Impact Fee

Dear Mayor Bartley:

The Building Industry Association of the Bay Area (BIA) appreciates the opportunity to comment on the proposed Housing Impact Fee the City Council will consider at its meeting this evening. On behalf of the BIA I would like to respectfully request that the Council take the following action:

Approve recommendation #2 from the staff report:

"revise fees only where the nexus studies show current City fees to be higher than the recommended fee."

BIA feels that this option complies with the previous direction provided by the City Council and does not place further economic strain on future housing construction. Furthermore, BIA has yet to receive answers to the following questions. These questions play an important role in analyzing the impact that the current proposal will have on future development:

1. What projects will be impacted by this proposed increase?

There are many projects in the development pipeline that have been stalled due to the economic struggles of the past several years. These projects are not feasible under the current fee structure and should be considered when discussing a potential fee increase.

2. What are the sizes of the projected future homes?

If the size of many of the future homes is less than 2,000 (which we believe is the case) then the economic impact to these projects will be severe.

3. Has the City consulted with Housing & Community Development (HCD) regarding the impact such an increase will have on the City's ability to meet its housing needs?

HCD has consistently looked at local constraints to new development as part of a City's Housing Element certification process. Part of that constraints analysis focuses on affordable housing fees and other city related fees. Any increase to an already high fee level will make it difficult for the city to achieve the goals of its housing element.

BIA appreciates the opportunity to comment on this very important agenda item and looks forward to working with the City Council and staff to achieve the housing goals of the City.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bob Glover".

Bob Glover
Executive Officer
Building Industry Association of the Bay Area

Mailing Address:
101 Ygnacio Valley Rd
Suite 210
Walnut Creek
California 94596

Tel (925) 951-6840
Fax (925) 951-6847
www.biabayarea.org

Hi Lisa,

Thanks for the email.

I have many questions and concerns but initially my question is how the move of the fee to a sales price percentage factors in the amount of the sales price that is already fees?

Two accurate real world examples would be homes I built in 2011. Each of those homes had, by City of Santa Rosa standards, relatively low fees of 41k (rounded) each. Since, as you know, fees are part of the sales price I would be paying an additional 2.5% fee on the fees I have already paid--- a 2.5% fee on fees. The closest example I can draw is double taxation. In this case the 2.5% fee on the 41K would total an additional \$1025.00 per house.

EPS's draft report is so general in view it leaves many questions -- How does one account for the many "move down" buyers I have sold to over the years that just want a new smaller house that provides less of a maintenance headache?, what about the many buyers who move laterally from within the community and just want a new house?. These buyers are buying new homes but are not increasing the impact as defined in the study. There is also no accounting for affordability of homes in the area which has increased significantly.

Aside from the issues in the paragraph above which deserve discussion/consideration by the Council the charging of a 2.5% fee on fees that have already paid is a real concern and should be brought up.

Thanks for your work on these issues,

Marc Negri