

July 17, 2018

Item 5.

City of Santa Clara

City Council Meeting

Item 5. Public Hearing: Action on a Resolution Approving the Findings from the Traffic Impact Fee Nexus Study and Setting the Rates for the Traffic Impact Fee and Action on the Introduction of an Ordinance Making Corresponding Revisions to the Santa Clara City Code Section 17.15.330

July 17, 2018



City of
Santa Clara
THE QUALITY OF LIFE IS OUR PRIORITY

Traffic Mitigation Impact Fee (TMIF) Update - Overview

- History of Santa Clara TMIF
- FY 2018-19 TMIF Update
 - Methodology
 - Study Results
- Staff Recommendations



City of
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History of Santa Clara TMIF

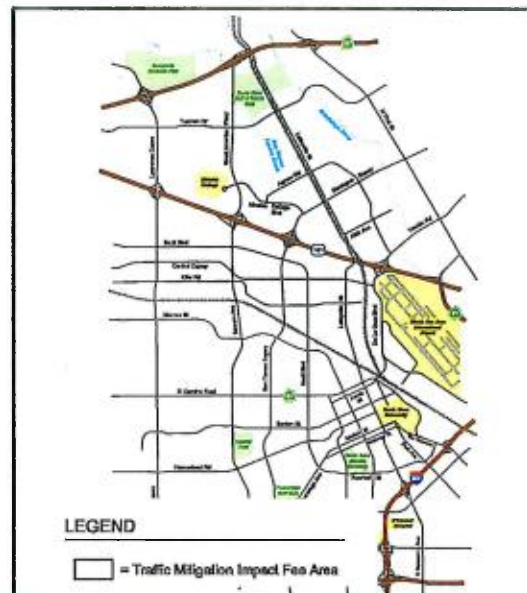
- Established in 1988 as part of the City's Traffic Mitigation Program
- One time fee charged to new development
- Fees used to finance capital facility and infrastructure costs
- Fees established based on a reasonable relationship (i.e., nexus)
- Program updated three times thus far (1997, 2009, 2010)
- Each update includes an amended project list w/ associated costs

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Current TMIF

- Current Rates
 - Office and R&D: \$1.00 per square foot
 - Industrial: \$0.67 per square foot
 - Warehousing, Utilities, and Communications: \$0.20 per square foot
 - Hotel/Motel: \$400.00 per room
- TMIF applies to certain uses north of Caltrain tracks



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TMIF Update

Study Process

- Future growth levels / Impacts
- Project List / Costs
- Various options evaluated related to:
 - Land uses
 - Fee boundaries
- June 12 Outreach Meeting with developers and representatives / July 6 Study posted online

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TMIF Update

How are traffic impact fee rates developed?

- **Net new vehicle trips** based on future **development growth**
- **Transportation deficiencies** due to **future growth**
- **Project list** / associated costs to **offset** transportation deficiencies
- Total cost of project list divided by future growth = **impact fee per net new trip**
- Fee per trips **converted** to typical land use rates (\$/SF, \$/unit)

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Funding Needs

Study Results

Item	\$
Total Cost of Traffic Improvements Identified	\$60 M
(Less funding through other sources)	(\$7.7 M)
(Less fees spent)	(\$6.35 M)
(Less fees held)	(\$8.71 M)
Unfunded Project Costs	\$37.2 M

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Project Types

Unfunded Project Costs (by Category)

Project Category	Budget
Transportation Operational Improvement Projects	\$13.7 M
Transportation Capacity Improvement Projects	\$4.6 M
Bicycle and Pedestrian Facilities	\$18.9 M
Total Unfunded Project Costs	\$37.2 M

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Proposed TMIF Fees

Land Use	Existing	Recommended	% Change
Office and R&D (per S.F.)	\$1.00	\$1.36	36%
Industrial (Per S.F.)	\$0.67	\$0.74	10%
Warehousing, Utilities, and Communications (per S.F.)	\$0.20	\$0.22	10%
Hotel/Motel (per room)	\$400.00	\$708.60	77%
Multi-Family Residential (per unit)	--	\$519.64	--
Single-Family Residential (per unit)	--	\$1,169.19	--
Retail (per S.F.)	--	\$4.50	--

- Santa Clara continues to remain the lowest compared to neighboring cities

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TMIF Update

Additional Recommendations for Consideration

- **Fee Exemptions:**
 - Any affordable housing units
 - Retail less than 50,000 square feet
- **Adjust fee annually** by the Engineering News Record (ENR) Construction Cost Index for San Francisco

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FY 2018-19 TMIF Update

Staff Recommendations

- Approve expansion of TMIF area to Citywide, include residential and retail uses, and adjust fee annually
 - All development pays a fair share
- Fee exemptions for affordable housing and retail less than 50,000 sf
 - Help meet other City Policy Goals
- Adopt a Resolution approving the Study and setting rates
- Approve the Introduction of an Ordinance making corresponding revisions to Santa Clara City Code Section 17.15.330

City of Santa Clara

Traffic Mitigation Impact Fee Update

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FY 2018-19 TMIF Update

Study Options

1. Status Quo
2. Same fee boundary plus residential and retail
3. Citywide and existing land uses
4. Citywide and add residential land use
5. Citywide and add in residential and retail land uses

FY 2018-19 TMIF Update

Study Results

- \$37M in unfunded costs
- 31, 530 net new peak hour trips
- Equals -- \$1,181 per net new trip fee
- Per trip fee converted to typical land use rates based on latest ITE Land Use Trip Generation Rates

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Proposed TMIF Fees

Option 5 Fee Examples

Land Use	Amount	Existing	Proposed
Office and R&D (per S.F.)	100,000 s.f.	\$100,000	\$136,000
Industrial (per S.F.)	100,000 s.f.	\$67,000	\$74,000
Warehousing, Utilities, and Communications (per S.F.)	100,000 s.f.	\$20,000	\$22,000
Hotel/Motel (per room)	300 rooms	\$120,000	\$212,580
Multi-Family Residential (per unit)	1,000 units	\$0	\$519,640
Single-Family Residential (per unit)	300 units	\$0	\$350,757
Retail (per S.F.)	100,000 s.f.	\$0	\$450,000

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Funding Gaps by Option

Option	Description	\$
1	Status Quo	\$29.9 M
2	Same fee boundary plus residential and retail	\$15.6 M
3	Citywide and existing land uses	\$26 M
4	Citywide and add residential land use	\$17.7M
5	Citywide and add in residential and retail land uses	\$7.7M

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Proposed TMIF Fees

City comparison

- Santa Clara continues to remain low compared to neighboring cities

Source: Each City's website. Fees reflect 2017-2018 rates, where available.

City or Area within City	Per PM Peak Hour Trip	Single Family Per d.u.	Multi-Family Per d.u.	Office Per KSF	R&D Per KSF	Light Industrial Per KSF	Retail Per KSF	Total Per d.u.
Palo Alto								
Citywide TIF ^a	\$ 3,575	\$ 3,575	\$ 2,217	\$ 5,327	\$ 3,825	\$ 1,502	\$ 13,263	\$ 2,145
San Antonio/West Bayshore TIF				\$ 2,560	\$ 2,560	\$ 2,560	\$ 2,560	\$ 2,560
Stanford Research Park/ECR TIF				\$ 12,420	\$ 12,420	\$ 12,420	\$ 12,420	\$ 12,420
Charleston-Avasadero Corridor TIF		\$ 1,306	\$ 1,306	\$ 380	\$ 380	\$ 380	\$ 380	\$ 380
Menlo Park								
Citywide	\$ 3,108	\$ 3,139	\$ 1,927	\$ 4,630	\$ 3,330	\$ 2,280	\$ 4,630	\$ 1,824
Supplemental Downtown	\$ 379	per PM peak hour trip within ECR/Downtown Specific Plan area						
Redwood City								
Non-Downtown		\$ 1,617	\$ 992	\$ 2,380	\$ 1,710	\$ 1,550	\$ 940	\$ 945
Downtown		\$ 1,212	\$ 744	\$ 1,790	\$ 1,280	\$ 1,160	\$ 2,950	\$ 709
San Carlos		\$ 3,052	\$ 1,892	\$ 4,547	\$ 3,256	\$ 2,228	\$ 11,323	\$ 1,831
San Mateo	\$ 3,769	\$ 3,422	\$ 2,101	\$ 3,135		\$ 2,042	\$ 5,893	
Los Altos		\$ 6,152	\$ 3,777	\$ 9,076			\$ 11,269	
Mountain View								
North Bayshore Area				\$ 23,260	\$ 23,260		\$ 2,430	\$ 2,071
Sunnyvale								
Moffett Park ^b	\$ 5,938			\$ 6,375	\$ 6,375	\$ 5,779	\$ 11,052	\$ 3,575
South of S.J. 237	\$ 3,114	\$ 3,114	\$ 1,931	\$ 4,640	\$ 3,332	\$ 3,021	\$ 5,776	\$ 1,660
Los Gatos^c	\$ 9,300	\$ 8,854	\$ 6,185	\$ 10,258	\$ 7,542	\$ 6,482	\$ 39,711	\$ 7,598
Fremont^d		\$ 2,382	\$ 2,382	\$ 5,297	\$ 3,803	\$ 3,839	\$ 7,253	\$ 2,169
San Jose								
North San Jose Area ^e	\$ 15,410	\$ 9,677	\$ 7,742			\$ 14,440	\$ 19,880	\$ 4,299
Evergreen-East Hills Area		\$ 15,148		\$ 13,170			\$ 13,170	
US 101/Oakland Ave/Mabury Rd	\$ 35,847	per PM peak hour trip that would use one of the Improved Interchanges						
I-280/Winchester Blvd.	\$ 25,641	per PM peak hour trip that would use the proposed off-ramp improvement						
Santa Clara (existing)				\$ 1,000	\$ 1,000	\$ 670		\$ 400
Santa Clara (proposed)	\$ 1,181	\$ 1,169	\$ 520	\$ 1,360	\$ 1,360	\$ 740	\$ 4,500	\$ 709

Sources: TIF amounts are from each city's website.
 (a) The Palo Alto Citywide TIF is on a per PM peak trip basis. TIF amounts for specific land uses have been calculated using ITE trip generation rates to facilitate comparison with other cities' fees.
 (b) Sunnyvale has two retail rates for Moffett Park: \$11,052 per KSF for destination retail and \$5,526 per KSF for neighborhood retail.
 (c) Los Gatos specifies its TIF as \$930 per DAILY trip. PM peak hour trip amount has been approximated as ten times the daily amount.
 (d) Retail uses under 100,000 square feet in North San Jose are exempt from TIF.
 (e) Fremont specifies TIF amounts for residential uses based on the number of bedrooms. Amount shown is for 2-3 bedroom units.

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07/17/18

#5

Lynn Garcia

From: Mayor and Council
Subject: FW: July 17, 2018 Agenda Item 5: Traffic Impact Fee
Attachments: BIA_SantaClara_TIF_7.17.18.pdf

From: Dennis Martin [<mailto:dmartin@biabayarea.org>]
Sent: Tuesday, July 17, 2018 3:32 PM
To: Mayor and Council
Subject: July 17, 2018 Agenda Item 5: Traffic Impact Fee

Dear Mayor and Councilmembers,
Please accept and consider the letter of comment respectfully submitted on behalf of Bia Bay Area. Feel free to contact me with any questions.
Dennis Martin
BIA Government Affairs
408-294-5687



July 17, 2018

Mayor Lisa Gillmor and City Council Members
Santa Clara City Hall
1500 Warburton Avenue
Santa Clara CA 95050

RE: July 17, 2018 City Council Meeting Agenda Item 5: Traffic Impact Fees

Dear Mayor Gillmor and Councilmembers,

BIA Bay Area supports the addition of Traffic Impact Fees of \$580 per unit for MF and \$1,181 per SF unit with reservation. BIA's concerns focus on the number and extent of new and increasing fees that the City Council will be considering in the coming weeks:

- New fee: Traffic Impact Fee and Multimodal fee for peak hour trips. These are new fees on residential;
- Increasing fee: Parkland Dedication In-lieu fee. This is fee in the fourth year of existence is proposed to increase significantly;
- New and increasing fee: Inclusionary Housing and Housing Impact Fee. This is a new ordinance that significantly increases the financial requirements on residential construction.

BIA urges the City Council to direct staff to return before the end of the calendar year with a total fee load study and feasibility analysis on residential development in the El Camino and Tasman East planning areas, as well as a study citywide.

The bottom line is that onerous fee increases threaten the ability of developers to get projects to pencil. Careful consideration must be given to timing and amount of additional cost and fee burdens placed on new development; Santa Clara is proposing four new fees or significantly increased fees in the next few months.

Impact fees, restrictive land use regulations, infrastructure costs, and rising labor costs create serious impediments to addressing the housing affordability crisis the region is facing. It is critical that the City of Santa Clara continue to produce housing for all incomes. The City's jobs/housing imbalance is a testament to the under production of housing to meet the demands of its robust economy.

BIA is looking forward to developing solutions that are fair and reasonable for both the City and the development industry. Please feel free to contact me with any questions or comments.

Yours truly,
Dennis Martin, BIA Government Affairs