

Source: Santa Monica Daily Press

Developers facing new fee to fund transit projects

by Ashley Archibald

March 16, 2012

CITY HALL — The Planning Commission voted unanimously Wednesday to move forward a new fee that planners estimate could raise \$60 million for transportation projects over the next 20 years.

It's one of the highest such fees anywhere in Los Angeles County outside of the coastal corridor, which includes Playa Vista, Marina del Rey and communities near LAX, said Jeff Tumlin, a consultant with the transportation planning firm Nelson\Nygaard Consulting Associates.

The transportation mitigation impact fee, as it's called in City Hall, would help pay for transportation improvements to make sure traffic, road conditions and other infrastructure doesn't worsen as more development comes to the city.

It would apply to most new building — including single family homes — and would vary based on what kind of development is approved and where in city limits it occurs.

Those two factors influence the total amount of new traffic each is supposed to generate, according to the staff report.

The fee splits Santa Monica into two areas. The first, titled Area 1, includes Downtown Santa Monica, a special office district and the Bergamot Transit Village.

Area 2 encompasses everything within city limits not in Area 1, and the fees are higher because there are more vehicle trips in that geographic boundary.

A new single family home built in Area 1 would pay an additional \$7,600 as a part of this program. If the same home were built in Area 2, that amount would be \$7,800.

Multi-family housing would be assessed \$2,600 and \$3,300 per unit respectively.

Non-residential development including retail, office, medical office, hospital, lodging and industrial uses range widely with industrial uses coming in at a low of \$1.20 per square foot in Area 1 and retail coming in the highest at \$30.10 per square foot in Area 2.

Planners estimate the fee would cover \$60 million of the \$119 million in raw costs of the different transit-oriented projects slated for the next 20 years, including bicycle, pedestrian, parking, public transit, auto network and other traffic demand projects.

Other costs like engineering and design bring the total dollar amount of the projects up to \$172 million, according to the staff report.

It's actually less than half the maximum that City Hall could charge developers under a traffic

study that justified the new fee.

Assessing higher fees could lower the rate of return because fewer people would want to develop in the city, and it leaves less wiggle room for other fees for different purposes that City Hall may choose to impose later, Tumlin said.

"The highest fee would not necessarily result in the biggest revenue," he said.

Setting the fee is a careful calculus that balances cost savings to City Hall with legal requirements.

Previously, for every dollar of general fund money used on transportation, Santa Monica got \$9 from outside sources. Those include grants, state and federal governments and, until Feb. 1, the local redevelopment agency.

Under the new scheme, the fee would provide 47 percent of Santa Monica's transportation project list.

That percentage might be almost 10 percent higher because several of the projects identified, most notably the bicycle portion, are already being paid for through grants or other allocations, Tumlin said.

That would give City Hall a lot of flexibility to use local funds to bring in outside money to pay for projects.

If, however, City Hall charged more than 100 percent of its costs through the fee, it would have to refund that money to developers, Tumlin said.

"That's something you don't want to do," Tumlin said.

To prevent that, the fee should be revisited every five years.

Commissioners and the public welcomed the fee, wishing only that it had come sooner.

"It's been a long time coming, and people are happy to see it," said Mary Marlow, of the Ocean Park neighborhood.

Commissioners also ensured that projects initiated by local government, religious institutions or for affordable housing would be exempted from the bill under most circumstances.

Notably, nobody from the development community came to speak at the hearing.

The City Council must approve the fee on first and second reading. It comes into effect 60 days after the second reading.

It is expected to go before the council on April 24.

ashley@smdp.com