



Chamber Of Commerce Expresses Concern Over Transportation Impact Fee

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LETTER TO THE EDITOR

Editor's Note: The Santa Monica Chamber of Commerce submitted a letter to the Santa Monica City Council on Friday, Feb. 22, expressing its concerns and providing recommendations on the revisions to the proposed transportation impact fee, which is being discussed at tonight's City Council meeting. Below is the letter in full, courtesy of The Chamber.

Dear Mayor Oâ€™Connor and Councilmembers:

We are writing with respect to Staffâ€™s latest revisions to the proposed Transportation Impact Fee. While we commend Staff for making some positive changes from the previous proposal (e.g., auto dealership rates, reoccupancy), we remain extremely concerned with the high rates proposed. The unprecedented magnitude of the proposed fees, in combination with other City fees (both those in effect and those being studied), would have the unintended consequence of being a barrier to the quality development that the LUCE envisions for a small percentage of Santa Monica land, including projects that would be fiscally beneficial to the City as well as a source of the community benefits envisioned in the LUCE.

Particularly, we are troubled that the proposed retail fees are dramatically higher than our neighbors (West LA and Culver City). This creates an incentive for retailers to locate on the other side of our borders in cities with more reasonable fees, and will lead to a loss in sales tax revenue. Paul Silvernâ€™s report on the potential impact of the fee does not explore the cumulative impact of the proposed TIF with the new impact fees that will be coming before Council this year (e.g., affordable housing linkage fee, parks fee). Additionally, some of the assumptions the report makes are based on figures that have changed since its publication. (Please see page 12 of the Staff Report â€“ recent DA procedural changes have now set a 20% minimum of on-site affordable housing).

On November 13th the Chamber submitted a report to City Staff prepared by David Shender of Linscott, Law & Greenspan, Engineers. Mr. Shenderâ€™s report focuses on the Cityâ€™s proposed TIF as it relates to residential uses, neighborhood/local-serving retail uses, credits for existing uses to be removed, changes of use, auto dealers, and vacant buildings. Below are three recommendations from Shenderâ€™s report we believe should be included in the TIF:

• Multi-Family Residential: All multi-family residential uses should be exempt from payment of TIF fees (i.e., like Los Angeles and Culver City). Alternatively, in addition to the current proposal to exempt all deed-restricted very-low and low income affordable housing units, exempt housing units for Santa Monica's workforce where the owner is required to do marketing and outreach to local employers and employees and to give a preference to local employees.

• Neighborhood or Local-Serving Commercial Uses: The first 20,000 square feet of any new commercial floor area should be exempt from payment of TIF fees (i.e., similar with West Los Angeles's exemption of the first 30,000 square feet of retail). Also, the City should exempt TIF fees for ground floor retail related to projects processed through the CEQA infill development streamlined environmental review provision where such retail space is legally restricted to primarily neighborhood-serving uses only.

• Changes/Intensifications of Existing Uses: TIF fees should only apply to conversions from an existing residential use to a future commercial use (i.e., consistent with the Culver City ordinance). No fee should be charged when a space is converted from one non-residential use to another non-residential use.

The Chamber supports the City enacting a TIF in principal, but asks that in preparing the TIF, Council considers reducing these fees to more reasonable levels, and includes the recommendations provided in this letter.

On behalf of the Santa Monica Chamber Commerce, we thank you for considering our comments and recommendations.

Sincerely,

Ellis O'Connor / Laurel Rosen

Chairman / President & CEO

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