

Alberto Quintanilla

From: The Cavettes <thecavettes@gmail.com>
Sent: Monday, February 1, 2021 1:18 PM
To: CClerk
Cc: Dan Schoenholz; Lucia Hughes; Joel Pullen
Subject: Inclusive Moderate Income Affordable Housing Requirements
Attachments: Inclusive Moderate Income Affordable Housing Requirements.pdf

Please add this to the public comments for the 2/2/21 City Council Item 7A.

This only addresses Moderate Income Affordable Housing Requirements. I cannot get my head around all the other RHNA and Affordable Housing Ordinance subjects :)

I feel strongly that the Affordable Housing Moderate Income Affordable Housing Requirements should be INCLUSIVE only.

Regards,
Alice Cavette

Regarding the Moderate Income Affordable Housing requirements for projects that include for-sale houses, townhouses or condominium flats:

We simply do not have enough deed-restricted, below-market rate (BMR) units in Fremont. Developers have gotten approval for over 5,200 for-sale units in the last decade and have merely paid in-lieu fees for their Moderate Income Affordable Housing obligations.

I would like to urge Fremont to adopt **inclusive-only** Affordable Housing Moderate Income requirements for all for-sale projects with over 5 units. The Nexus study seems to justify a 15% inclusive rate for deed-restricted BMRs.

Teachers, for example, often can not afford the full down-payment, mortgage and HOA fees for a new house selling for over \$900,000 today let alone in the coming decade. They need a break in the price.

We will never reach the 2,214 units required by the new RHNA ABAG allocations let alone the 978 from the past allocation unless we demand inclusive units only!

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Some other thoughts:

Rebuilds do not count toward RHNA obligations. If we could somehow get the State to count them, Fremont might get closer to filling its allocation.

We have approved entitlements for single-family houses for much of the available low-density land in Fremont. We will most likely only get townhouses and flats in the future. Getting BMR houses will be difficult.

Units toted by developers as “affordable by design” do not fulfill RHNA obligations. Fremont currently reduces the in-lieu fees for apartments that are less than 700 sf but they are still market-rate and can be cost-prohibitive.

If a project has 10% or more of Moderate Income BMRs and has a few other restrictions, it can claim a Density Bonus of 5% added density to the allowed density. This may complicate planning for a low-density area.

Alice Cavette

Alberto Quintanilla

From: Dennis Martin <dmartin@biabayarea.org>
Sent: Monday, February 1, 2021 3:41 PM
To: Lily Mei; Rick Jones; Raj Salwan; Jenny Kassan; Teresa Cox; Teresa Keng; Yang Shao
Cc: CClerk; Dan Schoenholz; Lucia Hughes; Mark Danaj
Subject: City Council Meeting 2.2.21, Item 7A Affordable Housing Ord Update
Attachments: BIA comments re Fremont AHO Update 2.2.21.pdf

Greetings Mayor Mei, Fremont City Councilmembers and City Staff,

Attached please find a BIA Bay Area letter of comment to the Affordable Housing Ordinance Update Staff Report, Nexus Study, and associated attachments. On behalf of BIA I respectfully request that you consider these comments when deliberating on your decisions regarding this item. Please feel free to reach out to me at the mobile number below or reply to this email message.

Very truly yours,

Dennis Martin

BIA Government Affairs

408-499-2739





February 1, 2021

Mayor Lily Mei
City Council Members
City of Fremont, CA

TRANSMITTED ELECTRONICALLY

RE: City Council Agenda 2.2.21 Item #7A Affordable Housing Ordinance Update

Dear Mayor Mei and City Councilmembers,

The Building Industry Association of the Bay Area (BIA) respectfully requests that the City of Fremont City Council consider the comments included in this letter when deliberating on actions to update the City's Affordable Housing Ordinance.

BIA concurs in large measure with the Staff Report on this issue. As Keyser Marsten pointedly observes on page 66 on the Nexus Study:

Based on past experience, affordable housing requirements placed on residential development will satisfy only a small percentage of the affordable housing needs in the City of Fremont

Nevertheless, the City is dependent on the construction of market rate housing to facilitate the construction of affordable housing. BIA encourages the Council to keep in mind these basic concepts while deliberating the update:

- Nurture robust market rate housing production to facilitate development of Affordable Housing;
- Keep fees and requirements in the "feasible" range; it does the City little good to set high fees and percentages that cannot be met;
- Provide a wide range of options for compliance, including in lieu fees;
- In lieu fees are necessary for the City to invest in affordable housing projects;
- The higher the density, the higher to cost to build, therefore lower fees are necessary in stacked flats and apartments;
- The City should offer concessions and incentives, mirroring Density Bonus Law, to facilitate included low-income units. Reduced fees and parking requirements, development standards concessions and streamlined approvals should all be on the table;
- Protect the pipeline; exempt approved projects and complete SB330 applications.

The City Staff Report advises that City Council actions to update the AHO should not have the effect of suppressing the construction of market rate housing. The Report clearly makes the case that market rate housing must continue at a robust pace in order for the City to achieve affordable housing goals:

...housing production since 2015 as reported in the City's Annual Progress Report toward its Regional Housing Needs Allocation (RHNA)...resulted in the construction of over 700 affordable units. The bulk of these units have been rental units serving low- and very-low income families. Over 500 of the units were inclusionary units funded by market rate developers in Warm Springs as part of larger market-rate developments; the remainder of units constructed were primarily funded by the City using in-lieu fees paid by market rate developers.

Therefore, it is in the City's best interest to encourage housing production and to maintain flexible compliance options and to provide incentives for market rate projects. In an August 2019 report by the Turner Center for Housing Innovation at UC Berkeley entitled "Making it Pencil, the Math Behind Housing Development", when San Francisco increased its inclusionary zoning mandate to the 20% level, production dropped precipitously.

In fact, the Turner Center references multiple analyses showing that even a 15% inclusionary requirement did not pencil in representative Bay Area jurisdictions during the strong housing market conditions that existed pre-COVID and must be coupled with significantly enhanced (non-discretionary and pre-defined) incentives such as tax abatements, a cap on other fees and exactions, alternative compliance options, relaxation of design and zoning requirements, and greater density bonuses.

Flexible compliance options are important to ensure that the construction of market rate housing is not suppressed. The City's AHO includes several options:

- provision of in lieu fees
- onsite production
- provision of rental units
- off-site construction
- property dedication
- purchase and conversion of existing market-rate units
- preservation of at-risk affordable units, and
- production of on-site ownership units for lower-income households

BIA recommends that the City Council maintain the flexibility of these options for market rate rental and ownership housing projects. Additionally, exemption from increased fees and/or increased inclusionary requirements should be extended to projects with approved entitlements and projects that have filed a complete SB330 preliminary application.

Until the impacts of COVID-19 on land value, rents and availability of capital becomes clear, cautious consideration should be given to the timing of additional cost and fee burdens placed on new development. Now is not the right time to raise fees on new housing. BIA endorses the Staff Report's recommendation that new fees and requirements be phased in over the next three to five years.

Despite the COVID 19 pandemic and the resulting economic slowdown, Silicon Valley still faces a housing crisis and the construction of new housing is in the vital interests of the City. BIA is looking forward to finding solutions that are fair and reasonable for both the City and the home building industry. Please do not hesitate to contact me with any questions or comments.

Respectfully submitted,

Dennis Martin

Dennis Martin
BIA Government Affairs

Alberto Quintanilla

From: The Cavettes <thecavettes@gmail.com>
Sent: Tuesday, February 2, 2021 1:22 PM
To: CClerk
Cc: Dan Schoenholz; Lucia Hughes; Joel Pullen
Subject: Proposed Affordable Housing Ordinance - 2/2/21 City Council Item 7A

Re: Proposed Affordable Housing Ordinance - 2/2/21 City Council Item 7A

Fremont is running out of buildable land for housing. I feel we need to utilize our rights as a city to require that all future housing developments include a significant amount of below-market-rate housing that is affordable at a variety of income levels.

Specifically, I support..

- a requirement that all new developments of for-sale single-family and townhouse units must include 15 to 20 percent of the units as deed-restricted, affordable housing at the moderate income level with no option to substitute in-lieu fees.

- a requirement that all new developments of for-sale condominium units must include either 10 percent of the units as deed-restricted, affordable housing at the moderate income level or 7 percent as deed-restricted, affordable housing at the low income level. In either case, there would be no option to substitute in-lieu fees.

- no inclusion requirement for rental housing units.

- that these requirements be implemented immediately, with no gradual phase-in of the percentages or the option to substitute in-lieu fees.

We need to make these changes now.

- finally, that we approve any elimination of existing in-lieu options that can be financially or practically justified in staff's opinion.

Regards,
Chris Cavette