





## Alberto Quintanilla

---

**From:** Dennis Martin <dmartin@biabayarea.org>  
**Sent:** Monday, October 11, 2021 4:54 PM  
**To:** Lily Mei; Rick Jones; Raj Salwan; Jenny Kassan; Teresa Cox; Teresa Keng; Yang Shao  
**Cc:** CClerk; Dan Schoenholz; Lucia Hughes  
**Subject:** RE: City Council Meeting 10.12.21, Item 5 Affordable Housing Ord Update  
**Attachments:** BIA\_FremontCC\_AHUpdate\_10.12.21.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 and Staff Report for the 10.12.21 meeting. This letter is both a follow up from BIA's February 2, 2021 letter and additional comments on the proposed update. 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

Dennis Martin

BIA Government Affairs

408-499-2739





October 11, 2021

Mayor Lily Mei  
City Council Members  
City of Fremont, CA

TRANSMITTED ELECTRONICALLY

**RE: City Council Agenda 10.12.21 Item #5. Affordable Housing Ordinance Update**

Dear Mayor Mei and City Councilmembers,

The Building Industry Association of the Bay Area (BIA) respectfully submits the comments included in this letter as follow up to our 2.2.21 letter and inclusive of new comments that the City of Fremont City Council consider when deliberating actions to update the City's Affordable Housing Ordinance.

BIA commends the City for its conscientious outreach to Stakeholders on this important issue and concurs in large measure with the Staff Report on the AHO Update. The recommendations from Staff regarding fee levels and phase in provisions seem measured while helping clarify and simplify the Affordable Housing Ordinance. Of course, the action to adopt a 50% fee exemption for affordable units is a good step.

However, as the Report points out, BIA continues to be very concerned about escalating impact fees on residential projects. This concern is especially acute regarding the feasibility of for sale multifamily units like townhouses, condos and stacked flats in a city that will be required to plan for thousands of such units in the coming Housing Element process. The City and the Region continue to levy high fees on this expensive to build product; maintaining AHO in-lieu fee for these units at the current level is prudent.

Staff recommendation to continue flexible compliance options is important to ensure that the construction of market rate housing is not suppressed. The City's AHO includes several options that BIA supports including:

- 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.

BIA strongly encourages the City Council to revisit and reinstate the Fee Deferral Program that was eliminated two years ago for single family and multifamily residential projects. When fee payment is required at building permit issuance the developer is required to finance the sum of the fees for up to two years, adding needless expense to the cost of the project.

Multifamily projects especially would benefit from an option to defer payment of fees to Certificate of Occupancy. Most multifamily projects, either rental or ownership, are large buildings and must be constructed and completed in a lengthy process. Apartment buildings, condos, stacked flats, and row houses are all typically constructed in a unified construction scheme. Allowing the option for residential builders to defer impact fee and affordable housing fees to issuance of the Certificate of Occupancy is a reasonable concession for the City to grant to help hold down the cost of construction financing.

The Nexus Study and Feasibility Study were both conducted and completed during the extreme conditions of the COVID 19 pandemic and reflect unique prepandemic market conditions. 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 residential development. BIA endorses the Staff Report's recommendation that new fees and requirements be phased in to allow these market conditions to normalize.

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 helping find 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