

**SANTA MONICA CHAMBER OF COMMERCE TRANSPORTATION  
IMPACT FEE SUBCOMMITTEE: PRELIMINARY REPORT**

May 15, 2012

This report summarizes our Transportation Impact Fee ("TIF") subcommittee's preliminary comments concerning the City's proposed TIF as presented to the Planning Commission on March 14<sup>th</sup> and to the Chamber's Land Use Committee on April 5<sup>th</sup>. The Chamber supports in concept City adoption of a transportation impact fee, similar to those in effect in other jurisdictions and as contemplated in the LUCE. But we have serious reservations about the proposed TIF in its present form.

We are especially concerned about the proposed TIF insofar as it would adversely impact existing Santa Monica businesses considering expansion or relocating. In this regard, the proposed TIF fees for retail businesses -- a key generator of City tax revenues -- are especially burdensome. And the proposed medical office fees are so high as to inhibit the expansion of Santa Monica's critically important network of healthcare services.

Below is a summary of our concerns:

1. The proposed fee schedule is excessive -- substantially higher than the fees in effect in other jurisdictions. The fee schedule should be reduced substantially.
2. The TIF schedule should be established only after the City completes a study of Santa Monica's cumulative development fees in comparison to such fees in other jurisdictions. In this regard, the Chamber is concerned that the City's cumulative development fees are substantially higher than other jurisdictions and that this disparity will worsen as the City explores additional development fees (e.g., affordable housing fees on non-residential projects).
3. The proposed TIF will discourage desired land use changes -- in particular, retail uses (especially neighborhood-serving retail), entertainment uses (including movie theaters), and healthcare uses. We are especially concerned that the proposed TIF will inhibit the expansion and relocation of existing Santa Monica businesses.
4. The proposed TIF fails to provide exemptions or fee reductions for public policy reasons (e.g., all affordable housing and neighborhood-serving retail as well as non-profit uses).
5. The proposed TIF fails to provide credit for project mitigation measures that will reduce PM peak hour trips, improve traffic conditions, and enhance alternative modes of transportation (e.g., bicycling, walking and public transit).
6. The proposed TIF's 12 month vacancy rule unduly restricts credit for prior uses and may trigger multiple TIF fees for the same space. This would unreasonably burden existing buildings that sustain extended vacancies.

7. The proposed TIF unreasonably authorizes the City to require premature payment of the required fee, potentially before a project obtains financing. (See Section 9.73.040(b)(3)) This would create enormous and unworkable uncertainty.

8. The proposed TIF should not serve as a floor for DA negotiations, which should be based upon all relevant factors including the City's community benefit requirements and project economics.

9. The City should not move forward with the proposed TIF until the public is provided with the key TIF back-up documents in a technical appendix and a reasonable opportunity to review these documents.