

**Santa Monica**
CHAMBER OF COMMERCE
Building a Thriving Community Since 1925

August 24, 2012

Mayor Richard Bloom and Santa Monica City Council
1685 Main Street, Room 102
Santa Monica, CA 90401

Re: Proposed Transportation Impact Fee
Hearing Date: August 28, 2012

Dear Mayor Bloom and Councilmembers:

The Santa Monica Chamber of Commerce has formed a subcommittee to review the proposed transportation impact fee (“TIF”) and provide our comments. We support the City enacting a reasonable TIF to implement the LUCE and to assist in addressing community concerns about traffic and mobility. However, we have serious reservations about the TIF as presented for your study session on Tuesday.

Attached is our subcommittee’s report. As you will see, we have a significant number of concerns about the proposed TIF. Overall, we are concerned about this proposal’s potential unintended consequences. In particular:

- The Chamber is concerned that 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.
- The Chamber is concerned that the proposed TIF would have the unintended consequence of impeding uses that are supported by the LUCE, including auto dealers and neighborhood-serving retail uses, by imposing a fee that is disproportionate with their trip-generating impacts.

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- The Chamber is concerned that the lack of any differentiation in the retail category would have the unintended consequence of providing a substantial advantage to larger chain retailers because they (unlike smaller, independent retailers) are in a stronger position to absorb increases in the cost of establishing a new business.
- The Chamber is concerned that the proposed TIF, if it includes existing buildings as well as new development, will have the unintended consequence of impeding changes of use that are favored by the LUCE (including conversion of ground floor office space to pedestrian-friendly retail and restaurant uses) as well as the leasing of space that has experienced extended vacancies.
- The Chamber is concerned that the proposed TIF, unless it is made more flexible to address project-specific factors (such as extraordinary TDM or the unique circumstances involved with new facilities for existing auto dealerships), will have the unintended consequence of being unfair in its application.
- The Chamber is concerned that a TIF fee could be charged for the same space twice (possibly more), presumably an intended consequence but one that could occur under the proposed TIF.

The City Council should ask Staff to give these concerns further consideration. In particular, we ask that the City Council provide City Staff with the following direction:

1. The TIF fees should be reduced substantially, taking into account the much lower fees in effect in similar municipalities in Southern California.
2. The TIF should include more categories within the “super category” called retail, including separate fee rates for auto dealers and neighborhood-serving retail uses, based upon the significant differences in PM peak hour trip generation for these uses.

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3. As recommended in the Staff Report, the TIF should exclude all affordable housing for low and very low income households, including affordable units in mixed-income housing.
4. The TIF should only apply to new development, and exempt all existing buildings.
5. The TIF should include a credit for all existing buildings (and existing exterior areas utilized for commercial activity, such as auto sales) that are being removed as part of new development projects (without a complicated and difficult to administer formula for buildings that have experienced some vacancy). The length of any vacancy should not matter.
6. The TIF should include an adjustment process for site-specific and project-specific conditions, including extraordinary TDM measures and new facilities for existing businesses (including auto dealerships).
7. The TIF should include a clear prohibition against a TIF fee being charged twice for the same space (except in circumstances involving an intensification of use).
8. The TIF fee should be due upon certificate of occupancy; alternatively, full refunds should be available for projects that pay the fee and then do not proceed.

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

Sincerely,



Ellis O'Connor
Chairman



Laurel Rosen
President & CEO

The logo for the Santa Monica Chamber of Commerce features the text "Santa Monica" in a large, black, sans-serif font. Above the letter "a" in "Santa" is a stylized orange spiral icon. Below "Santa Monica" is a blue wavy line representing water. Underneath the wavy line, the words "CHAMBER OF COMMERCE" are written in a smaller, black, all-caps sans-serif font. At the bottom, the tagline "Building a Thriving Community Since 1925" is written in a blue, italicized sans-serif font.

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