



CITY OF CAMPBELL
Mayor's Office

September 19, 2018

Honorable Patricia Lucas
Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

(ENDORSED)
FILED
SEP 19 2018
Clerk of the Court
Superior Court of CA County of Santa Clara
BY Janice Jones DEPUTY

Dear Judge Lucas,

I am writing to you on behalf of the Campbell City Council which approved the attached response to the 2017-2018 Santa Clara County Civil Grand Jury report, Affordable Housing Crisis: Density is our Destiny.

As a general statement of the overall housing crisis facing the Bay Area, the City of Campbell City Council agrees with many of the findings identified by the Civil Grand Jury. However, the Council noted that the findings were applied broadly without consideration of the many efforts and accomplishments that the City has made with regard to the issue of affordable housing. For example, the City of Campbell has an adopted and certified Housing Element that complies with State housing laws. Additionally, the City has approved higher densities for density bonus projects near transit, with some developments receiving the maximum 35% density bonus.

The City Council also found it difficult to respond to the report given that many of the findings and recommendations are not a one-size-fits-all issue or solution. For example, the City of Campbell does not have many large high-tech companies that contribute to the Bay Area's housing-jobs imbalance.

We thank the Civil Grand Jury for their efforts in addressing the housing crisis.

Please feel free to contact City Manager, Brian Loventhal at (408) 866-2125 if you have any questions or need any additional information.

Regards,

Paul Resnikoff
Mayor City of Campbell

cc: Campbell City Council
City Manager
Development Director

Attachment: City Responses to 2017-2018 Santa Clara County Civil Grand Jury report,
Affordable Housing Crisis: Density is our Destiny

Finding 1a

Lack of housing near employment centers worsens traffic congestion in the County and increases the urgency to add such housing.

Response: *The City of Campbell* agrees with finding 1a; however the degree to which traffic worsens or improves is highly dependent on people living near their work. This finding would be better supported if it included a reference to mass transportation infrastructure that serves the employment centers.

Finding 1b

Mass transit stations (Caltrain, VTA, BART) create opportunities for BMR units.

Response: *The City of Campbell* partially agrees with finding 1b. It is important to take into consideration the different levels of ridership that each of these transit options can accommodate. Moreover, this finding would be better supported if it also referenced the need for cities to zone surrounding properties with sufficient density to produce the desired percentage of affordable units.

Recommendation 1b

Cities should identify parcels within one-half mile of a transit hub that will help them meet their low-income and moderate-income BMR objectives in the current RHNA cycle, by the end of 2019.

Response: *The City of Campbell* agrees with recommendation 1b. The City's 2015-2023 Housing Element is certified by the State Department of Housing and Community Development. The Housing Element already identifies parcels within one-half mile of a transit hub that will help the City meet its low-income and moderate-income BMR objectives for the current RHNA cycle.

Timeframe for implementation / further study: The City's Housing Element was adopted February 17, 2015 and certified by the State Department of Housing and Community Development. The City of Campbell is committed to continue to implement the Housing Element.

Finding 1c

Density bonus programs are not being used aggressively enough to produce the needed BMR units within one-half mile of transit hubs.

Response: *The City of Campbell* disagrees with finding 1c. *The City of Campbell* promotes the Density Bonus program in an effort to increase affordable housing, even for those projects that do not require affordable housing (the threshold for requiring inclusionary units is 10 or more units). The City has several examples of density bonus projects in Campbell including a development that was recently constructed (Revere Campbell), a development that is currently under construction (Residence at Railway), and a project that is currently under review (Cresleigh Homes).

Recommendation 1c

Cities should revise their density bonus ordinances to provide bonuses for LI and moderate income BMR units that exceed the minimum bonuses required by State law for parcels within one-half mile of a transit hub, by the end of 2020.

Response: *The City of Campbell* disagrees with recommendation 1c. The City supports and complies with State Density Law which includes up to a 35% density bonus, depending on the level of affordability. State Density Law also includes a parking reduction for parcels within one-half mile of a transit hub.

Timeframe for implementation / further study: *The City of Campbell* adopted a Density Bonus Ordinance in 2008 and updated the Ordinance in 2016 to be consistent with the State's revised density bonus law. *The City of Campbell* City will continue to update the Ordinance in conformance with State law.

Finding 2a

Employers in the County have created a vibrant economy resulting in an inflated housing market displacing many residents.

Response: *The City of Campbell* agrees with finding 2a. Silicon Valley is a unique region within the State where high paying jobs are prevalent. This has the tendency to increase the cost of living where housing prices are equally inflated as compared to other regions, due to buyers paying all cash, above asking price, and without contingencies. Another cause of the high housing prices is the lack of inventory, a basic law of supply and demand, due in part to housing production not keeping pace with population increases.

Recommendation 2a

The County should form a task force with the cities to establish housing impact fees for employers to subsidize BMR housing, by June 30, 2019.

Response: *The City of Campbell* partially agrees with recommendation 2a. While *the City of Campbell* would be happy to participate in a task force to discuss the potential to establish housing impact fees, *the City of Campbell* disagrees that the City should be required to establish such fees.

Timeframe for implementation / further study: *The City of Campbell* will consider joining a regional task force to discuss the potential for considering housing impact fees, following further study of the benefits and disadvantages of such fees.

Finding 2b

Contributions to BMR housing from employers in the County are not mandated nor evenly shared.

Response: *The City of Campbell* agrees with finding 2b in that commercial linkage fees are not required or consistent amongst jurisdictions; however cities may be reluctant to adopt commercial linkage fees due to concerns of limiting development.

Recommendation 2b

Every city in the County should enact housing impact fees for employers to create a fund that subsidizes BMR housing, by June 30, 2020.

Response: *The City of Campbell* disagrees with recommendation 2b. It should be left up to the individual city to determine whether to enact housing impact fees for employers because such a fee may impact each city differently.

Timeframe for implementation / further study: *The City of Campbell* participated in a multi-city effort with the Silicon Valley Community Foundation for the preparation of a nexus study and feasibility analysis. Campbell's nexus study was completed in August 2016 and presented to the City Council on October 4, 2016. The City Council accepted the methodology and findings of the Nexus Study, but determined to not proceed with housing impact fees without also considering all other impact fees and the potential impacts collectively. The City Council will consider a general discussion on impact fees within the next six months.

Finding 3a

RHNA sub-regions formed by several San Francisco Bay Area counties enable their cities to develop promising means to meet their collective BMR requirements. Such sub-regions can serve as instructive examples for cities in the County.

Response: *The City of Campbell* disagrees with finding 3a in that many San Mateo County Planning agencies have stated that the sub-region was a relative failure. A more thorough study should be conducted to understand the successes and challenges that other jurisdictions have found when forming sub-regions. For example, how many units have been exchanged, how much money has changed hands, how has that money been used to create affordable housing, how much more affordability was gained, how long did it take to come to an agreement, and what were the reasons given by individual cities for not exchanging RHNA units, etc.?

Recommendation 3a

Every city in the County should identify at least one potential RHNA sub-region they would be willing to help form and join, and report how the sub-region(s) will increase BMR housing, by the end of 2019.

Response: While the City has agreed to explore participation in the discussion of a Santa Clara County sub-region, the *City of Campbell* disagrees with Recommendation 3a in that there is little evidence showing a benefit to forming a subregion. Also see response to Finding 3a.

Timeframe for implementation / further study: The *City of Campbell* agreed to explore the formation of a regional sub-region at their September 4, 2018 meeting. The City will continue to support the Cities Association of Santa Clara County in evaluating the formation of sub-regions.

Recommendation 3b

A RHNA sub-region should be formed including one or more low-cost cities with one or more high-cost cities, by the end of 2021.

Response: *The City of Campbell* requests further study on recommendation 3b to understand the successes and challenges that other jurisdictions have found when forming sub-regions between one or more low-cost cities and one or more high-cost cities. The *City of Campbell* supports the social equity approach where each city provides its fair share of affordable units in order to better serve its diverse population (i.e., elderly, youth, wealthy, poor).

Timeframe for implementation / further study: The *City of Campbell* agreed to explore the potential to form a regional sub-region at their September 4, 2018 meeting. The City will continue to support the Cities Association of Santa Clara County in evaluating the formation of sub-regions.

Finding 3c

More BMR units could be developed if cities with lower housing costs form RHNA sub-regions with adjacent cities with higher housing costs.

Response: *The City of Campbell* disagrees with Finding 3c. The *City of Campbell* supports the social equity approach where each city provides its fair share of affordable units in order to better serve its diverse population (i.e., elderly, youth, wealthy, poor).

Recommendation 3c

High-cost cities and the County should provide compensation to low-cost cities for increased public services required for taking on more BMR units in any high-rent/low-rent RHNA sub-region, by the end of 2021.

Response: *The City of Campbell* disagrees with recommendation 3c. It should be left up to the individual cities to determine whether or not to exchange BMR units and how that should be compensated (if a sub-region is formed). In addition, the recommendation is flawed since Campbell is not a low cost City. Most (if not all) of the cities in this report could be considered high cost when compared to other cities in the State.

Timeframe for implementation / further study: The *City of Campbell* agreed to explore the potential to form a regional sub-region at their September 4, 2018 meeting. The City will continue to support the Cities Association of Santa Clara County in evaluating the formation of sub-regions.

Finding 3e

High-cost/low-cost RHNA sub-regions could be attractive to high-cost cities because they could meet their BMR requirements without providing units in their cities.

Response: *The City of Campbell* partially agrees with the logic of finding 3c, but the City also supports the social equity approach where each city provides its fair share of affordable units in order to better serve its diverse population (i.e., elderly, youth, wealthy, poor). Cities shouldn't be able to "buy their way out" of producing housing.

Finding 4a

Commercial linkage fees can be an important tool to generate critical revenues to support BMR housing.

Response: *The City of Campbell* partially agrees with finding 4a in that fees generate revenue; however cities may be reluctant to adopt commercial linkage fees due to concerns of limiting development. Moreover, the amount of fees needed to construct one affordable housing unit will take years to collect especially for a city like Campbell where job growth is relatively slow as compared to other cities.

Finding 4b

Use of commercial linkage fees is overdue and could be expected to substantially increase BMR units.

Response: See response to finding 4a.

Recommendation 4

Cities should enact commercial linkage fees to promote additional BMR housing, by June 2019.

Response: *The City of Campbell* disagrees with recommendation 4. See previous responses.

Timeframe for implementation / further study: *The City of Campbell* participated in a multi-city effort with the Silicon Valley Community Foundation for the preparation of a nexus study and feasibility analysis. Campbell's nexus study was completed in August 2016 and presented to the City Council on October 4, 2016. The City Council accepted the methodology and findings of the Nexus Study, but determined to not proceed with housing impact fees without also considering all other impact fees and the potential impacts collectively. The City Council will consider a general discussion on impact fees within the next six months.

Finding 5a

Uneven BMR achievements among cities is caused in part by varying inclusionary BMR unit percentage requirements.

Response: *The City of Campbell* agrees with finding 5a in that the uneven BMR achievements between cities is caused in part by some cities having lower or no inclusionary requirements.

Finding 6

In-lieu fees, when offered as an option, are too low to produce the needed number of BMR units and delay their creation.

Response: *The City of Campbell* agrees that in-lieu fees are generally too low to produce affordable housing units.

Recommendation 6

Cities with an in-lieu option should raise the fee to at least 30% higher than the inclusionary BMR equivalent where supported by fee studies, by the end of 2019.

Response: *The City of Campbell* partially agrees with recommendation 6, recognizing that raising fees is an option but finds that requiring a developer to build a unit is far superior than collecting in-lieu fees.

Timeframe for implementation / further study: *The City of Campbell* participated in a multi-city effort with the Silicon Valley Community Foundation for the preparation of a nexus study and feasibility analysis. Campbell's nexus study was completed in August 2016 and presented to the City Council on October 4, 2016. The City Council accepted the methodology and findings of the Nexus Study, but determined to not proceed with housing impact fees without also considering all other impact fees and the potential impacts collectively. The City Council will consider a general discussion on impact fees within the next six months. Notably, Campbell's in-lieu fee is only permitted for low-density residential projects (six or fewer units per acre) with 10 or more market rate units.

Finding 7

NIMBY (Not in My Backyard) opposition adversely affects the supply of BMR housing units.

Response: *The City of Campbell* agrees with finding 7.

Recommendation 7

A task force to communicate the value and importance of each city meeting its RHNA objectives for BMR housing should be created and funded by the County and all 15 cities, by June 30, 2019.

Response: *The City of Campbell* agrees with recommendation 7 and supports educating the public and elected/appointed officials in this regard; however this finding would be better supported if it applied to all housing, not just BMR housing.

Timeframe for implementation / further study: The *City of Campbell* will consider joining a regional task force following an invitation from the County.

Finding 8

It is unnecessarily difficult to confirm how many BMR units are constructed in a particular year or RHNA cycle because cities and the County only report permitted units.

Response: *The City of Campbell* agrees with finding 8 and supports a consistent reporting program.

Recommendation 8

All 15 cities and the County should annually publish the number of constructed BMR units, starting in April 2019.

Response: See response to finding 8.

Timeframe for implementation / further study: In January 2018, as requested by the California Department of Finance, the City submitted a *Housing Unit Change Form* identifying newly constructed units built in calendar year 2017.