

Jomsky, Mark

From: Greg Gunther <greg.b.gunther@gmail.com>
Sent: Monday, July 24, 2017 9:34 AM
To: Tornek, Terry; Hampton, Tyron; McAustin, Margaret; John Kennedy; Masuda, Gene; De La Cuba, Vannia; Madison, Steve; Wilson, Andy
Cc: Jomsky, Mark; Mermell, Steve; Dock, Fred; Bagheri, Mike
Subject: 7-24-2017 Council Mtg > SUPPORT Item #18 - TRTIF

While I plan to attend tonight's City Council meeting, I am also scrambling to "get outta Dodge" for an extended trip and the flood of last minute details may interfere with my ability to be present in person.

That said, I want to lend my full support for Staff's Recommendation regarding Item #18 - the Traffic Reduction and Transportation Improvement Fee.

Please consider these points as you evaluate this proposal:

- **We already have a Transportation Improvement Fee in place, this proposal just makes it FAIR**
 - It addresses meet the infrastructure needs of ALL transportation users - not just automobile drivers
 - Without this adjustment, Pasadena cannot appropriately fund many of the projects that have already been approved in the 2015 General Plan - Mobility Element as well as the CIP
- **The nexus outlined for this proposed fee is thoughtful and well-grounded**
 - This is not arbitrary - the range of fees link tightly to the impact each form of development has on our transportation system
 - These fees will connect directly to evolving needs - any funds to be collected will scale with future development (within the envelope of the General Plan caps)
 - The distinction between 100% funded projects and 8.6% funded projects appropriately (and skillfully) recognizes the actual needs generated by new development
- **Many of the innovative transportation-related changes Council has already approved actually LOWER development costs in Pasadena**
 - Most notably, the change from Level-of-Service (LOS) to Vehicle Miles Traveled (VMT) eliminated the need for many development projects to go through the costly EIR process - saving some projects hundreds of thousands of dollars (\$XXX,XXX) and many months of delay
 - As you'll recall, these EIRs were triggered by a very minimal %-of-change in traffic volumes (5%, if I recall correctly) - so, as a practical matter, a very minor increases of automobile traffic (say on Union Street) would require an EIR despite the fact that projected increase in volumes still left the street well under the engineered capacity for this roadway
- **The TR/TIF is an essential tool - one this is necessary to support our stated policy objective (#2) to "Encourage walking, biking, transit and other alternatives to motor vehicles."**
 - While we have aspirational goals as a City - the actual reality of our streets can be harsh, and dangerous (as reflected by our pedestrian and bicyclist safety record compared to our peers)
 - This proposal takes an *innovative approach* - another distinction that identifies Pasadena as a leader in transportation vision, policy and implementation
 - By approving this proposal, you can ensure that the City's promises are backed up with tangible infrastructure and visible improvements that improve every citizen's experience, and safety, on the street

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Thanks in advance for your consideration -
// Greg Gunther

700 E. Union Street, #301
Pasadena, CA 91101



Los Angeles/Ventura Chapter

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July 24, 2017

Mayor Terry Tornek
Pasadena City Hall
100 N. Garfield Avenue, Room S228
P.O. Box 7115
Pasadena, CA 91109

RE: City of Pasadena Transportation Improvement Fee

Dear Mayor Tornek and City Council,

The Los Angeles-Ventura Chapter of the Building Industry Association of Southern California, Inc. (BIA-LAV) is the voice of building and development in Los Angeles and Ventura counties. We represent thousands of men and women and their member companies who design, plan, build, and remodel homes, condominiums, and apartments throughout our region.

As the City of Pasadena moves forward and considers the adoption of the proposed increased Transportation Improvement Fee, we ask that you take our following concerns into consideration prior to adoption.

As you are aware, we are currently facing an unprecedented housing affordability crisis driven mainly by an extreme lack of new housing production. Our high housing costs force many households to make significant trade-offs in their quality of life, and these trade-offs are particularly challenging for working-class households living within the City of Pasadena. Many families now find themselves spending a greater share of their income on housing, postponing, or foregoing homeownership, living in more crowded housing conditions, commuting further to work each day, and in some cases, choosing to work and live elsewhere. Whether buying or renting, the fact is that housing is increasingly unaffordable to families all over Los Angeles County and specifically the City of Pasadena.

It has been proven, for every increase of \$1,000 on the cost of housing, an estimated 15,000 families are pushed out of the housing market. Understanding that cost is the primary driver of affordability, we cannot keep increasing housing fees, especially when the City of Pasadena has



Los Angeles/Ventura Chapter

one of the highest TR/TIF in the area.

After reviewing your study, titled, "Transportation Development Impact Fee Study, originally completed on January 24, 2017 and recently revised on July 20, 2017, we, the Building Industry Association of Los Angeles/Ventura County request that the City of Pasadena continue this public hearing to a later date.

BIA-LAV being the voice of development and representing over 1,100 companies that would be affected by this fee increase, we would request that the City of Pasadena to work with our industry and allow us additional time to fully review this revised study and respond with future recommendations. Together, we can ensure that the new fee is appropriate, that residential development is not stifled, and that homes remain available for all Pasadena residents. Only through thoughtful land use policy and planning will we be able to encourage greater supply and affordability in the City of Pasadena.

Sincerely,

Tim Piasky
Chief Executive Officer
BIA-LAV

Jomsky, Mark

From: David W <davidrwhitehead@gmail.com>
Sent: Monday, July 24, 2017 3:33 PM
To: Jomsky, Mark
Subject: Attention: Mayor and City Council re: July 24, 2017 Agenda Item #18.

[Good afternoon, Mr. Jomsky. Would you please be so kind as to provide a copy of this email to Mayor Tornek and the City Council members? Many thanks.]

Honorable Mayor Tornek and City Council members,

With regard to Agenda Item #18, the Traffic Reduction and Transportation Improvement Fee, I would ask that the City staff please provide an explanation of why the proposed fee for a Single Family Residential unit is 258% greater than the per unit fee for multi-family residences.

I'm not necessarily opposed to the increased fees. But I am very curious how staff arrived the such divergent per unit rates, especially if each unit could, in theory, have the same number of vehicles causing the same amount of infrastructure wear and creating the same added traffic congestion.

Many thanks for your time and attention.

Sincerely,
David Whitehead
Dustrict 5 resident

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Jomsky, Mark

From: James De Pietro <depietrojff@gmail.com>
Sent: Monday, July 24, 2017 2:17 PM
To: Wilson, Andy; Tornek, Terry
Cc: Jomsky, Mark
Subject: Clarification and Concerns regarding Transportation Impact Fee (TIF) Increase
Attachments: James De Pietro Letter Regarding Transportation Development Impact Fee - 07.24.2017.pdf

Mayor Tornek, Councilmember Wilson, and Members of the City Council,

Please find attached a Letter to you and members of the City Council regarding Item 18 on your Council Meeting Agenda for July 24, 2017 pertaining to the Traffic Reduction and Transportation Improvement Fee (TIF).

In summary, I wanted to clarify that as a Commissioner on the Transportation Advisory Commission, I voted against the Department of Transportation's Staff Recommendation to increase the TIF because I believed that it overly relied upon future development assumptions and its outreach efforts with impacted real estate groups was insufficient.

The City of Pasadena and the Department of Transportation need the capabilities to adjust the TIF to appropriately respond to changing Department priorities as well as market demands. The Municipal Code already provides a mechanism to escalate rates in line with the Consumer Price Index and I recommend that this method should continue to guide TIF changes in the future.

Thank you very much for your service to the City of Pasadena.

Sincerely,

James De Pietro
Pasadena, CA

July 24, 2017

Pasadena City Council
Pasadena City Hall
100 North Garfield Avenue, Room S249
Pasadena, CA 91101

Mayor Tornek and Members of the City Council,

On Monday, July 24, 2017, the City Council will take action regarding Pasadena Municipal Code Section 4.19: the Traffic Reduction and Transportation Improvement Fee. The issue appears as Item 18 on the Agenda. Accordingly, I would like to clarify one issue regarding the Transportation Advisory Commission's recommendation as well outline several concerns regarding the proposed rate change.

Transportation Advisory Commission ("TAC") Clarification

On the official Agenda for the City Council's July 24, 2017 Meeting, it states that "On May 25, 2017, TAC unanimously supported staff's recommendation for adoption of the updated fee and additionally recommended that for-profit educational institutions be subject to the updated fee." Since 2013, I have had the honor and privilege to serve as a Commissioner on the Transportation Advisory Commission. As a correction and clarification, TAC overwhelmingly supported staff's recommendation, but it was not unanimous as I voted no on the issue as I believed that I had not received sufficient perspectives from groups that would be impacted by the fee increase and believed that the January 24, 2017 Transportation Development Impact Fee Study from David Taussig & Associates, Inc. and Iteris, Inc. ("Study") overly relied on future growth assumptions.

2017 Impact Fee Study

The Study presents new Transportation Impact Fee (TIF) rates for new single family, multi-family, retail, office and industrial developments. These new TIFs were drafted to pay for the costs of transportation facilities needed as a result of anticipated new developments. These facilities are listed as "Facilities Needs List Costs for Future Development." The Study reports that total revenue generated by the new TIF Program through 2035 will be \$131,299,738 in 2017 dollars or \$6,711,000 per year.

The presented TIF revenue estimate overly relies on unsubstantiated development growth and assumes that growth will be consistent. While we would like for economic growth and real estate development to be consistent, history has provided evidence that real estate is both a victor and victim of market cycles. For example, to generate the needed annual income from new TIFs (approximately \$6.7 million), developers would have to add approximately 574 multi-family units per year, more than 473,00 square feet of office space per year, and more than 136,000 square-feet of retail space per year. For perspective, according to leading real estate market analytics firm CoStar, in the past 10 years (2008-2017), the average annual number of multi-family units developed in Pasadena was approximately 310, while the average annual developed office square footage has been approximately 84,000, and the average annual developed retail square footage has been approximately 51,000. This 10 year average indicates that the assumptions relied upon by the Study do not reflect actual market conditions.

Furthermore, CoStar forecasts the number of multi-family units to be developed in 2018 to be less than 250 and less than 150 units from 2019 to 2022, while it forecasts less than 100,000 square-feet of office

space to be developed annually between 2018 and 2022 and it forecasts less than 100,000 square-feet of retail space to be developed between 2019 to 2022. These limited forecasts (five year forecasts are typical in real estate economics), fall far short of the assumptions that the Study relies on to generate revenue to pay for future transportation facilities. If future developments do not match the unrealistic growth assumptions used in the Study, the City of Pasadena will not have the financial resources to pay for the identified transportation needs.

Finally, the Study, as well as the City Staff Report, does not reference current TIFs and how increases might impact future development and revenue. While the scope of Study did not include a review of current rates, per my understanding, to not reference or present the current rates in either the Study or the Staff Report does the City, it's Commissions, and the City Council a disservice as it does not provide decision makers with a complete overview of the issue. Although the Study might be able to make recommendations within a vacuum by not noting the current fees, the economic and regulatory environment in which we operate necessitates that we consult past and present decisions to guide future ones.

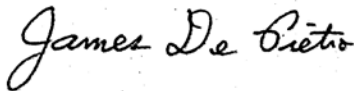
Community Outreach

During the Department's outreach effort, it hosted several public meetings regarding the recommended fee increases. One such meeting, on May 22, 2017, was apparently directed at real estate owners, managers and developers. As my third generation family business is in the commercial real estate industry, I attended the meeting and was only one of two industry attendees. The outreach effort did not include the local chapters of organizations whose members would be directly impacted, such as BOMA (Building Owners and Managers Association), IREM (Institute of Real Estate Management), and NAIOP (Commercial Real Estate Development Association). With these groups not advised of such meetings, the outreach efforts were insufficient to receive full feedback from this important group.

Conclusion

The City of Pasadena and its Department of Transportation need the capabilities to adjust the TIF to appropriately respond to changing Department priorities as well as market demands and dynamics. The Municipal Code already provides a mechanism to escalate the rates annually by the same percentage increase as the Consumer Price Index (4.19.040). This tool has been utilized by the Department over the years and this method should continue to guide TIF changes in the future.

Sincerely,

A handwritten signature in cursive script that reads "James De Pietro".

James De Pietro
Pasadena, CA