
From: Steven Askari [REDACTED]
Sent: Monday, January 9, 2023 11:47 AM
To: HousDiv AP <housing@sunnyvale.ca.gov>
Subject: Re: Housing Mitigation Fee Nexus Study: TONIGHT: Planning Commission Meeting

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First minimum wage increases and then housing mitigation fee... Truly chocking business out of Sunnyvale.

Steven Askari

From: [John Cordes](#)
To: [Ryan Dyson](#)
Subject: Fwd: Housing Mitigation Fee Nexus Study: Planning Commission Tonight
Date: Monday, January 9, 2023 11:55:02 AM

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Hi Ryan,

Below are my comments on the Housing Mitigation Fee study.

Staff recommendation (from page 30)

1. **No change** in the Housing Mitigation Fee rates for **retail, hotel, or industrial uses**. Each of these uses faces financial feasibility challenges in the current development environment. In addition, Sunnyvale's fees for these uses are already toward the upper end of the comparison jurisdictions evaluated in this study.

2. Consider an increase in the Housing Mitigation Fee for office uses, up to a maximum of \$11 per square foot for the first 25,000 square feet and \$22 per square foot for all remaining square feet. Although this is about a 12.2% to 12.8% increase in the fee, an increase of this magnitude would have a relatively small overall effect on feasibility. This fee would be equal to approximately one percent of total development costs (not including land) for the first 25,000 square feet and two percent of total development costs (not including land) for all remaining square feet. While the financial feasibility of new development would remain marginal, this fee increase would not have a significant impact on overall feasibility. In addition, this fee rate is well within the range charged by other nearby jurisdictions.

3. Consider potential strategies to make fee increases more feasible.

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John's comments

When Sunnyvale implement these fees back in 2015. The city council set rates lower than neighboring cities because the council was concerned about developers avoiding Sunnyvale due to lower-cost options elsewhere. As we have seen over the past 7 years, development boomed in Sunnyvale due to low costs and a strong business environment. In the report, staff comments that our rates could have been higher. The staff is recommending rates effectively stay the same due to a more challenging development environment (higher costs) today. We need to encourage the council members to adopt higher rates for two reasons.

1. Higher rates = more funds to be able to build more affordable housing
2. Higher rates = Slow development in Sunnyvale.

I am personally going to recommend the Office Housing mitigation fee be at least **\$ 20 per square foot for the first 25,000 square feet and \$33 per square foot for all remaining square feet or 2% of total development costs whichever is lower.**

I think these rates would work well for Sunnyvale.

Mt View is charging ~ 15/sqft for first 10K and ~\$30 for space beyond that
Redwood City is already charging ~ \$23/sqft and it is experiencing strong development.

Palo Alto charges \$68/sqft and there has been no lack of development there either.

Sincerely,
John Cordes