

Gutierrez, Jeannette

From: Ellis Berns
Sent: Tuesday, March 9, 2021 2:00 PM
To: City Council
Cc: McCarthy, Kimbra; Shrivastava, Aarti; Marchant, John; Netto, Margaret; Perry Hariri
Subject: March 9 2021 City Council Meeting Item 7.2
Attachments: Comment Letter Parkland Fee Item 7.2.pdf

CAUTION: EXTERNAL EMAIL - Ensure you trust this email before clicking on any links or attachments.

Please find attached a comment letter from Perry Hariri, Miramar Capital to be distributed to the City Council for this evening's meeting.

Please let me know you are in receipt and, if you have any questions.

Thank you!

Ellis

Ellis M. Berns
Principal
ebernsconsulting, LLC

MIRAMAR CAPITAL

March 9, 2021

RE: Item 7.2 Park Land Dedication or Fees In-Lieu Thereof Ordinance Amendment

REQUEST FOR PARK IN-LIEU FEE PAYMENT DEFERRAL UNTIL OCCUPANCY PERMITS

Honorable Mayor Kamei and City Councilmembers:

On behalf of Miramar Property Group, LLC we appreciate the opportunity to provide comments on the City's Councils action to amend the Park Land Dedication Fee Chapter 41.

Since 2020, The City Council and the PRC have been reviewing the Park Land Dedication Ordinance, Chapter 41. Specifically, Section 41.9: Calculation of Requirement to provide more certainty to developers regarding land valuation and in-lieu fees; and Section 41.11: Credit to adjust open space credits to encourage creative public open space design and enhanced public access that reduce ongoing cost for the City.

In addition to the challenges of creating and providing quality open space in Mountain View, the City has as one of its highest priorities, creating additional housing. As you know Miramar Property Group, LLC has been actively working on creating more housing with its approved 716 Unit apartment project at 777 West Middlefield with 572 market rate units and 144 affordable teacher housing units. We are also moving forward in cooperation with the City and the Mountain View Los Altos School District with a Transfer of Development Rights (TDR) project at 400 Logue in East Whisman. This project consists of 418 apartments including 63 BMR units. The estimated Park Land In-lieu fee is estimated at \$18M to \$20M, about \$56,000 per market-rate unit of park fees! In many areas of the country, one can almost build a new apartment unit for that cost.

These fees (Park Land in Lieu fees) contribute to the continuously rising costs of building residential units in the Bay Area which are now reaching close to \$900,000 per unit, including land and fees, in markets like Mountain View. As evidenced by Summerhill Homes recent abandonment of the E. Middlefield project, even well capitalized and experienced larger developers are struggling to make residential development feasible in this environment.

We would like to request that the City Council direct staff to evaluate the feasibility of an additional amendment to Chapter 41, Section 41.3 to provide some flexibility that would allow a possible deferral of the Park Land In-Lieu fee under certain extraordinary circumstances, such as this difficult pandemic era where costs continue to rise while occupancy and rents continue to decline. Under the current ordinance (Chapter 41) developers are required to pay this fee prior to the issuance of Building permits. This means that a developer needs to finance and carry this \$20M fee and incur substantial financing costs on the Park Land In-Lieu fee for the 3-4 year

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construction period until occupancy. The financing costs for \$20M over this period of time could easily accumulate to north of \$5M+.

Allowing some flexibility in the deferral of payment of this In-Lieu Fee until occupancy permits are issued, will help residential developers make these projects more feasible and create more housing in Mountain View.

We would like the City Council to consider this Park Land Dedication In Lieu Fee deferral and have staff return to the Council with some options.

Thank you in advance for considering this request.

Sincerely,

Miramar Property Group, LLC

Perry Hariri
Managing Member

Cc: Kimbra McCarthy, City Manager
Aarti Shrivastava, Assistant City Manager/Community Development Director
John Marchant, Community Services Director
Margaret Netto, Senior Planner