



January 25, 2016

Santa Clara City Council
1500 Warburton Ave.
Santa Clara, CA 95050

Re: Parkland Dedication Ordinance and Fee Calculations (Study Session and Agenda Item 14a)

Dear Mayor Matthews and City Councilmembers,

With regard to the above-referenced matter, the Committee for Green Foothills urges you to adopt the fee schedule as set out in the staff report of January 26, 2016. The Committee for Green Foothills is a nonprofit environmental organization working to protect open space and natural resources in San Mateo and Santa Clara Counties. We have a strong interest in ensuring that residents of these counties, including in the City of Santa Clara, have adequate park resources and access to parkland.

A. Santa Clara Is In Need Of Park Resources

Briefly, this is about whether developers should be asked to pay their fair share of the increased cost of city services due to their new residential developments. As more residential units are built, more residents come to Santa Clara, and the strain on existing park resources increases proportionately. As was discussed when the parkland dedication ordinance was enacted, for years Santa Clara was the only one of comparable cities in Santa Clara County not to have a parks impact fee imposed on new residential development. While other Silicon Valley cities received over \$1 million annually in impact fees, Santa Clara received a few hundred dollars a year. As an example, the city of Mountain View received over \$13 million in park fees in 2013, while Santa Clara received a grand total of \$895.

No doubt partly as a result, Santa Clara has the lowest parks-to-population ratio of these cities. The County of Santa Clara, in a 2013 study, reported that the average parks-to-population ratio for the County as a whole is 26.4 acres of parkland per 1,000 residents. The City of Santa Clara has only 2.53 acres of parkland per 1,000 residents – less than 10% of the average.¹ In fact, in the County's report, the City of Santa Clara came in dead last of all the cities in the County in terms of parks level of service.

The parkland dedication ordinance enacted by this Council in 2014 was intended to rectify this staggering imbalance. It is important to note, however, that the methodology contained in the ordinance does not increase the parks-to-population ratio above the level where it was in 2013. Santa Clara, under the existing methodology, will still have a ratio of only 2.53 acres per 1,000 residents.

B. The BIA's Arguments For Reducing Park Fees Are Flawed

The Building Industry Association (BIA), in their consultant's communication of January 12, 2016, claims that the methodology used to calculate the fees has resulted in fees that are 35-40% too high. Specifically, the BIA argues that several land sale transactions that were excluded from the appraisal methodology should have been included. This reasoning is flawed on several grounds. First of all, it is noteworthy that the BIA's communication singled out only those excluded transactions whose price per square foot was significantly lower

¹ Community Health Existing Conditions Report for the County of Santa Clara General Plan Health Element, p. 6-7, Figure 6-3, prepared by Raimi & Associates, 2013, San Jose, CA.

than the average value derived from the methodology – ignoring several transactions specifically described in the City’s consultant report that, if included, would have brought the average value much higher than it is. (See Appraisal Report by The Schmidt-Prescott Group, Inc., dated August 20, 2015, p. 39.) Second, most of the excluded parcels were excluded because they were much larger than a typical park would be; thus, they were not comparable to the types of parcels the city would be likely to purchase for park purposes. It stands to reason that a fair appraisal must consider only comparable sales; every homeowner who has had their home appraised understands that it is not realistic to arrive at a fair appraisal of a 3-bedroom, 2-bath home by looking at sale prices for 1-bedroom condos or 6-bedroom mega-homes.

It is a simple fact that land values have risen dramatically in the 2 years since the study that established the fee schedule that is currently being updated. Since the ordinance determines fees based on the fair market value of the underlying land, when land values rise, the fees will rise proportionately. This, however, is not a reason to alter the methodology so that the fees are reduced. The City, when purchasing parkland, must compete in the same land market as other buyers; if the City is robbed of the funds necessary to purchase parkland, it will be unable to meet the goal of 2.53 acres of parks per 1,000 residents. As more residents move into the new residences that developers are rapidly building, the City will be unable to provide additional parkland and park resources for them. It doesn’t take a crystal ball to predict that the natural result of increasing the population without increasing the services for that population results in inadequate services and a lower quality of life.

C. Developers Already Have An Alternative To The City’s Fee Determination

Finally, if a developer objects to the City’s determination of fair market value of the land, the developer has an avenue of recourse already provided for within the ordinance. Section 17.35.040(b)(2) of the ordinance states:

If the developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal. If the developer chooses this option, the developer shall deposit with the City an amount sufficient to cover the cost of an appraisal, which the City shall conduct. The appraisal shall be completed prior to approval of the tentative or parcel map or, for developments not involving a subdivision, prior to the issuance of a building permit.

Santa Clara City Code, §17.35.040(b)(2). There is no reason to revisit the methodology prescribed in the ordinance when any developer that wishes to have their property appraised separately may do so.

In conclusion, we request that the City Council follow staff’s recommendation and adopt the fee schedule as contained in the staff report.

Thank you for your consideration of these comments.

Sincerely,



Alice Kaufman
Legislative Advocate, Committee for Green Foothills