

From: Jenny Silva <jenny@callmarinhome.org>

Sent: Monday, June 15, 2026 1:25 PM

To: Distrib- City Clerk <city.clerk@cityofsanrafael.org>

Cc: Carmela Davis <carmela@callmarinhome.org>

Subject: Agenda Item 1.a Update to Park Impact Fee Programs and Nexus Study and 1 b. Update to Transportation Mitigation Fee

Dear Mayor and Members of the City Council,

We write on behalf of Call Marin Home, the San Rafael Chamber of Commerce, the North Bay Leadership Council, Tableau Development and Canal Alliance to provide comments on the updated Park Impact Fee proposal before the Council. Our organizations represent a broad coalition of housing advocates, businesses, social service providers, and community members united by a shared commitment to San Rafael's long-term vitality — and to ensuring that the housing our community needs actually gets built.

For ease, our comments are below. They are also available on our logoPlease see our comments attached [here](#).

We appreciate that staff took the May 18 public hearing concerns seriously, revised the Capital Improvement Program to improve clarity on project eligibility, and developed a phased implementation option for Council's consideration.

However, we are concerned that the proposed multifamily fee of \$18.50 per square foot for non-subdivision projects is unchanged from what was proposed in May. The Council continued this hearing in response to significant concern from housing advocates, developers, and the business community, and the core fee level that generated those concerns has not moved. The city has already acknowledged the impact of increased costs on development in its decision not to increase inclusionary requirements. We are concerned that staff's response has focused primarily on what the City is legally permitted to do under the Mitigation Fee Act, rather than on the policy choices that would be consistent with the City's stated goal of building more housing downtown, particularly affordable housing.

We are also concerned to see that the City is proposing implementing a Transportation Mitigation Fee on Affordable Housing for the first time.

Legal defensibility is a necessary condition for a fee structure, but it is not sufficient. The question before the Council tonight is not only whether these fees are legally supportable. It is whether they are wise policy given San Rafael's housing crisis, its commitments under its Housing Element, and the fragile financial reality of the projects the City says it wants to build.

The research consistently shows that impact fees do not stay on developers' balance sheets — they flow through to housing costs borne by buyers and renters. Studies across multiple markets have found that each dollar of impact fees increases housing prices by \$1.60 to \$1.88,

as developers price fees into the cost of units and land values adjust downward to absorb the remainder. For lower-income households, this is not an abstraction: higher development costs reduce the supply of units at all price points, push rents upward, and shrink the pool of naturally occurring affordable housing available to households who cannot afford market rents and do not qualify for subsidized units. In Marin County, where housing costs are already among the highest in the country and displacement risk is acute, the affordability consequences of high impact fees are compounded by the county's extremely limited housing supply and the near-absence of large-scale affordable development. We encourage the council to waive fees for affordable units and phase in fees for market rate units.

1. The Entitled Pipeline Does Not Demonstrate Housing Feasibility

The staff report points to approximately 3,450 pipeline units as evidence that the proposed fees will not impede housing development. We believe this framing significantly overstates the health of the housing pipeline and understates the impact of additional fees. Of those 3,450 units, only 368 are currently under construction. Over 500 are in phase 2 of Northgate and are not expected to come online this housing element. Many of the remaining projects have been in the pipeline for years, several are stalled, and financing constraints are among the most commonly cited reasons. Historically in Marin, only about $\frac{1}{3}$ of proposed projects are built. This is not a pipeline that is freely flowing.

The staff report acknowledges that applications with vested rights will not be subject to the new fees, noting that this protection is for the existing pipeline. But the future of many projects in this pipeline is already uncertain, and is not currently sufficient to meet San Rafael's housing goals. The binding constraint is financing. Adding fees—even fees that are "competitive with peer jurisdictions" on a per-unit basis—moves in exactly the wrong direction.

2. The 25% Fee for 100% Affordable Housing Should Be Eliminated

Staff recommends a fee equal to 25% of the standard rate — \$4.63 per square foot — for 100% affordable housing projects, with a future waiver process to be developed. We respectfully urge the Council to adopt the full fee waiver identified as an alternative in the staff report, effective tonight, rather than deferring to a future process.

Affordable housing developers are unable to pass increased fees through to tenants, as their rents are capped. Every dollar of impact fees must instead be absorbed by scarce public subsidy, reducing the number of units a fixed pool of funding can support.

The [Turner Center's 2026 analysis of California affordable housing projects](#) found that impact fees added an average of nearly \$20,000 per unit to development costs. At the project level, fees of this magnitude can be the difference between a project that achieves financial feasibility and one that does not. This is especially true in high-cost, constrained markets like San Rafael, where land costs are already high and most affordable projects are assembling multiple layers of financing that are themselves under significant pressure. Fee waivers and reductions are among the most direct and evidence-supported tools available to local jurisdictions to improve project feasibility.

These projects operate on razor-thin margins, assembling multiple layers of state and federal funding that are themselves under significant pressure. Every additional dollar of upfront cost either renders a project infeasible or requires additional subsidy that may not exist.

The staff report notes that a fee waiver process is being developed and will return to Council at a future date. We believe that the fee waiver process should be in place before a fee is considered. The staff report identified a full fee waiver as a live alternative tonight. We urge you to take it.

3. "Legally Defensible" Is Not the Same as "Good Policy"

Throughout the staff report, the primary justification for the recommended fee levels is that they are legally defensible under the Mitigation Fee Act and competitive with peer jurisdictions.

But San Rafael has made explicit commitments — in its General Plan, its Housing Element, and in countless public statements — to building more housing downtown, particularly affordable and workforce housing. Those commitments were made in the context of a genuine housing crisis: Marin County has the lowest rate of housing production in California, displacement is higher here than anywhere else in the Bay Area, and 64% of our workforce already commutes from outside the county.

The question of whether to charge housing projects the maximum possible impact fee, or nothing, is not primarily a legal question. It is a policy question. Peer jurisdiction comparisons are useful context. They are not a substitute for asking whether San Rafael's fee structure is consistent with its own stated priorities.

4. The Phased Implementation Option Should Be Adopted for Market-Rate Multifamily

For market-rate multifamily non-subdivision projects, we urge the Council to adopt the three-year phased implementation option for both the park impact and transportation impact fees. A phased approach will give the City time to both assess the actual health and viability of its existing pipeline and to test the impact of the fee on new housing proposals. We request a public hearing to implement the planned increases under the phased approach. The City and the public should assess the impact of the revised fees before increasing them.

5. The Combined Fee Burden Requires Honest Cumulative Assessment

The Council is being asked tonight to adopt both the Park Impact Fee and the Transportation Mitigation Fee simultaneously. We appreciate that staff updated the market analysis to reflect both fees together. However, the cumulative analysis compares San Rafael to peer jurisdictions at the total fee level — it does not evaluate whether representative affordable or mixed-income projects in San Rafael can actually achieve financial feasibility under the combined fee burden.

We ask that before final adoption, staff be directed to provide a project-level feasibility analysis for at least one representative 100% affordable project and one representative mixed-income

project currently in the San Rafael pipeline. If those projects cannot achieve feasibility under the proposed fee structure, the Council should know that before voting.

6. Consider restructuring the fee to incentivize the types of housing that San Rafael would most like to see built

The nexus study lays out the maximum legal fee that can be charged. However, it is not necessary that San Rafael structure its fees accordingly. There is much that San Rafael can do to discount fees to support the type of housing they would like to see built. Here are some ideas we'd encourage the council to consider:

- The City has made a deliberate choice to concentrate housing development in the downtown area. We'd encourage a fee discount for any development downtown.
- The City currently charges multi-family units far more per sq foot than single-family units. We'd recommend a reduction for multi-family (or perhaps just multi-family downtown), as this housing is in line with the City's plan, is far less expensive to service and is naturally more affordable than single family homes.
- We encourage the City to offer fee waivers on all affordable units, not just those in 100% affordable developments. A fee waiver on an affordable unit in a market rate development would provide the financial flexibility for developers to increase the % of affordable units.
- We encourage the City to provide fee waivers/reductions on Naturally Occurring Affordable Housing (NOAH). The City is already proposing waivers on ADUs under 750 sq ft. We would like to see this expanded to all units under 750 feet. Further, to incentivize development of affordable family units, this waiver can be extended to 3-4 bedroom units under 1000' and 1200', respectively.

Conclusion

Our organizations support San Rafael's investment in parks and transportation infrastructure. New residents should contribute toward the community infrastructure they will use. We are not asking the Council to choose between infrastructure and housing.

We are asking the Council to make policy choices tonight that are consistent with its own commitments. San Rafael has said it wants to build more housing downtown. It has said it wants to prioritize affordable housing. It has a Housing Element that depends on projects getting financed and built, not just approved and stalled. The fee structure adopted tonight will either support those commitments or undermine them, and the fact that the fees are legally defensible does not resolve that question.

We urge the Council to:

- Adopt a lower fee than justified by the nexus study for the types of housing San Rafael wishes to have built (affordable, multi-family, small units). This recognizes that San Rafael is committed to building more housing, and higher fees are a potential barrier. The proposed fees represent a 33% increase in impact fees happening overnight, in a

difficult financial environment. We'd suggest starting with a more conservative increase: perhaps 10% - 15%.

- Adopt a full fee waiver for 100% affordable housing projects, effective immediately rather than through a future process.
- Adopt the three-year phased implementation option for market-rate multifamily fees, beginning at 50% of the fee.
- Require a public hearing before raising fees in a phased approach. This allows the City and the public to assess the impact of the fees on development.

Thank you for your consideration and for your commitment to addressing San Rafael's housing and parks needs simultaneously. We believe both goals are achievable, but only if the policy choices made tonight reflect the full weight of both.

Jenny Silva
Call Marin Home

Omar Carrera
Canal Alliance

Joanne Webster
North Bay Leadership Council

Karen Strolia
San Rafael Chamber of Commerce

Jack Robertson
Tableau Development





June 15, 2026

BOARD OF DIRECTORS

Annika Osborn, Co-President
Ben Snyder, Co-President
William Carney, Vice President
Miles Smith, Secretary
Greg Brockbank
Kay Karchevski
Rina Lopez
Phil Muller
Marisa Nordstrom
Stuart Siegel

415.302.0110

San Rafael City Council
1400 Fifth Avenue
San Rafael, CA 94901

RE: Park and Transportation Fees on Affordable Housing

Honorable Mayor and Council Members,
Sustainable San Rafael appreciates the lively public discussion around increasing Park and Transportation Fees that could materially impact the feasibility of much-needed affordable housing in our community. We likewise appreciate the responsiveness of staff and Council to the public concerns that have been raised.

We support the following:

1. Full waiver of fees in connection with *deed-restricted affordable units*, whether located in all-affordable developments, integrated within market-rate developments, or built as auxiliary dwelling units.
2. Implementation of these waivers in conjunction with the overall adjustment of fees, in order to increase certainty among prospective developers.

Thank you for your continued leadership in addressing the need for affordable housing in compact, walkable, transit-served, and vibrant town centers.

Sincerely,

William Carney

William Carney
Vice President, Sustainable San Rafael