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CAO



February 11, 2021

City of San Rafael
City Councilmembers
1400 5th Avenue
San Rafael, CA 94901

Re: Housing Development Policies and Permitting

Dear Mayor Colin and City Council:

North Bay Leadership Council (NBLC) urges you to remove the obstacles to housing production to spur more housing to be built in San Rafael. Housing is a top priority to NBLC as it is a key factor in our members being able to retain and attract employees. If businesses can't get the employees they need, those that can are moving to where employees are more plentiful. And the numbers of businesses exiting the Bay Area are growing and quite concerning.

At Council's request, city staff has identified the obstacles to housing production and outlined a series of new policies to spur housing development in the city. We strongly support staff's recommendations and appreciate the countless hours they have put into such a detailed report. It is time for the Council to act accordingly.

At the current time, developers scoff at trying to build in San Rafael because of the current policies and costs. The pandemic has only exacerbated this trend by transforming the way businesses move away from in-person employees and adopt a virtual model. These virtual models directly affect San Rafael's local restaurants and retail because they can't survive without these customers. The Council must act now to stop this. The proposed policy approvals will drive housing downtown and create a strong message to the small businesses in the City that you want them to survive. The only way they survive is to have more residents live within a close proximity. It is time we redefine how the City approves these projects and create motivation for developers to do business here! We recognize that the need for more workforce housing is crucial to securing our economic future.

NBLC is an employer-led public policy advocacy organization committed to providing leadership in ways to make the North Bay sustainable, prosperous and innovative. The Council includes over 50 leading employers in the region. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. We have always been an advocate for an established rate of inclusionary units, but do not support the current rate of 20%, because it is unattainable for builders to achieve and still make a profit. Therefore, we wholeheartedly agree with staff's recommendations.



NBLC urges the City Council to do the following:

- 1. Modify existing on-site inclusionary provisions for projects with two or more units from 20% to 10%, until 700 units have been approved or five years has passed at which time the provision can be re-evaluated.**
- 2. Allow more flexibility in the City's in-lieu fee to allow developers to apply the fee toward the production of 100% inclusionary housing projects, off site.**
- 3. Develop an administration process for the use of the in-lieu fees to ensure that the funds are being used to create and preserve more affordable units.**

If the Council approves these changes, it will be a boon to new housing production and help alleviate the scarcity of housing in San Rafael as well as bring new vitality to the downtown with new resident who will help support downtown businesses and services. If we want San Rafael to have a heart, building more housing downtown is the key.

Sincerely,

A handwritten signature in black ink that reads "Cynthia Murray". The signature is written in a cursive, flowing style.

Cynthia Murray
President and CEO

SAN RAFAEL CHAMBER

WE ARE ONE COMMUNITY • CELEBRATING 100 YEARS

February 11, 2021

City of San Rafael
City Councilmembers
1400 5th Avenue
San Rafael, CA 94901

Re: Housing Development Policies and Permitting

Dear Mayor Kate and City Council:

As the COVID-19 pandemic continues to impact our local economic viability it is imperative that we find new ways to create housing in San Rafael. For far too long have we debated the merits of housing projects only to see them fade away to the abyss of what if. At Council's request, city staff has identified the obstacles to housing production and outlined a series of new policies to spur housing development in the city. We strongly support staff's recommendations and appreciate the countless hours they have put into such a detailed report. It is time for the Council to act accordingly.

At the current time, developers scoff at trying to build in San Rafael because of the current policies and costs. The pandemic has only exacerbated this trend by transforming the way businesses move away from in-person employees and adopt a virtual model. These virtual models directly affect San Rafael's local restaurants and retail because they can't survive without these customers. The Council must act now to stop this. The proposed policy approvals will drive housing downtown and create a strong message to the small businesses in the City that you want them to survive. The only way they survive is to have more residents live within a close proximity. It is time we redefine how the City approves these projects and create motivation for developers to do business here! We recognize that the need for more workforce housing is crucial to securing our economic future.

The San Rafael Chamber, which represents nearly 600 employers in Marin County with over 26,000 employees across 25 different industry sectors, has a long-standing housing policy supporting the increase in the number of housing units at levels attainable by the local workforce. Decades ago, our Chamber was the first business organization in the state to take on affordable housing as a business concern coining the phrase "workforce housing" and was instrumental in the creation of the Marin Consortium for Workforce Housing that dramatically increased the community's understanding of the need to create more affordable housing in Marin. Our current housing policy still supports the removal of barriers to housing creation; streamline and expedite processes, simplify codes, ease planning delays, reduce fees and permits, and lessen regulatory requirements in order to increase the number of units. We have always been an advocate for an established rate of inclusionary units, and have supported the current rate of 20%, but now we have concluded that new housing production is not meeting expectations in the current housing cycle, affecting both the overall price for rental and for-sale units and also the general availability of market rate and inclusionary housing.

SAN RAFAEL CHAMBER

WE ARE ONE COMMUNITY • CELEBRATING 100 YEARS

Therefore, we wholeheartedly agree with staff's recommendations. This attached memorandum provides changes that the Chamber believes the City Council should adopt that will directly affect the feasibility of new projects with respect to the City's goals for housing production. Based on these findings, the Chamber has outlined the 3 most pressing issues:

- 1. Modify existing on-site inclusionary provisions for projects with two or more units from 20% to 10%, until 700 units have been approved or five years has passed at which time the provision can be re- evaluated.**
- 2. Allow more flexibility in the City's in-lieu fee to allow developers to apply the fee toward the production of 100% inclusionary housing projects, off site.**
- 3. Develop an administration process for the use of the in-lieu fees to ensure that the funds are being used to create and preserve more affordable units.**

It should also be stated, that the Chamber leadership understands that we cannot build our way out of this crisis and a more holistic approach is needed. Addressing the challenges to housing development is only a piece of the complicated issue but a step in the right direction.

Please feel free to contact me directly with any questions at 415-454-4163

Sincerely,



Joanne Webster

President and CEO

cc Board of Directors via email