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20 March 2024

**Re: Proposal for the Immediate Adoption of Generation Housing's  
Right Size Impact Fee Affordable Housing Incentivization Program**

Dear Mayor Rogers, Councilmembers, and City Manager Smith:

Consistent with our commitment to working in partnership, Generation Housing has developed a revised impact fee reform approach specifically responsive to the needs and concerns expressed by our local leadership. **The Right Size Impact Fee policy is a comprehensive, budget-protective approach to fee reform that rises to meet the economic moment and the increasing breadth and severity of Sonoma County's housing crisis.** The Right Size policy can spur housing production to serve the needs of all income levels while prioritizing equity, climate resilience, and sustainability.

Since September 2023, Generation Housing has been advocating for local adoption of Sacramento's \$0 Rate Affordable housing impact fee reform program. As the most specifically responsive to the current economic climate's chokehold on the multifamily housing pipeline, Impact fee reform was elevated as the top priority of our North Bay NEXT Action Steps<sup>1</sup> platform; because it is an extremely efficient reform—easy to implement and manage; and because it prioritizes shovel-ready projects. Sacramento's \$0 Rate program was initially promoted as an answer to the call by many of our elected leaders for a model that had already proven successful in another jurisdiction, and Sacramento's certainly had. We advocated for \$0 Rate adoption along with early implementation of AB602, a state law that requires impact fees to be imposed relative to unit size, a law we strongly support, but could be slow to have an impact due to the costly and lengthy studies required for implementation.

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<sup>1</sup> Generation Housing's North Bay NEXT Action Steps are designed to work in concert to spur diverse housing production. They include impact fee, parking, and zoning policy reform and modernization, streamlining the public review process, and the creation of a local affordable housing funding source through a Bay Area Housing Finance Authority bond measure.



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Over the past six months, we have met with elected and staff leaders throughout the county. We are pleased that the leaders of the Town of Windsor, City of Santa Rosa, and County of Sonoma are poised to give serious consideration to fee reform in those jurisdictions (and we want to give nods to the City of Petaluma, which has already implemented a \$0 Rate program for 80 AMI and below, and the Cities of Sonoma and Sebastopol, which already levies fees per square foot). While we have heard great interest in making local investments in affordable housing, this interest has been accompanied by budgetary cold feet, and for some, a desire to spur the multifamily market rate housing needed by many local employers. Additionally, we have registered general support for the spirit of AB602, a transition away from regressive and illogical per-door fees to fees relative to unit size.

Based on this input, we developed the **Right Size Impact Fee policy**. We are excited to advance this more comprehensive impact fee reform, which keeps a target on affordable housing, maintains the efficacy of fee relief, and extends incentives to multifamily affordable-by-design units above the typical affordability level.

**We urge all of the County's jurisdictions to consider prompt adoption of this policy as an emergency ordinance.**

The Right Size policy is intended to:

- Provide the greatest incentives for the most deeply affordable housing
- Capture those missed by Affordable Housing eligibility standards by incentivizing multifamily affordable-by-design housing for workforce households
- Support development of a more diverse housing system that meets the needs of all levels of our workforce and the housing needs of individuals and families as they evolve over time
- Facilitate an equitable share of fee contribution from homes that strain infrastructure and contribute most significantly to local greenhouse gas emission by imposing graduated increases
- Increase revenue streams to offset the investment in this program and provide reliable funding for needed infrastructure, specifically through (1)



property tax income from new affordable-by-design multifamily projects that might not otherwise be financially feasible; and (2) fees increases for midsize and large single family homes proportional to square footage (other than fire rebuilds)

## Right Size Impact Fees policy

Enact an emergency ordinance to remain in place until the later of three years or a jurisdiction’s 6th Cycle Regional Housing Needs Allocation (“RHNA”) obligations are met, that establishes an impact fee structure, applicable to all fees under the Mitigation Fee Act, as well as Water and Sewer fees, that:

(1) reduce impact fees for multifamily housing to the following portions of current fees according to unit size:

	600 ft <sup>2</sup> Studio or 1 BR	800 ft <sup>2</sup> or 2 BR	1000 ft <sup>2</sup> or 3BR
Deed Restricted Affordable Housing under 80 AMI	20% (of current fees)	30%	40%
Deed Restricted Affordable Housing 81-120 AMI	30%	40%	50%
Affordable Housing-by-Design <sup>2</sup>	55%	65%	75%

2) increase impact fee rates for single family homes (SFHs), other than fire rebuilds, based on the proposed proportions, excluding Enterprise Funds (e.g. sewer and water)

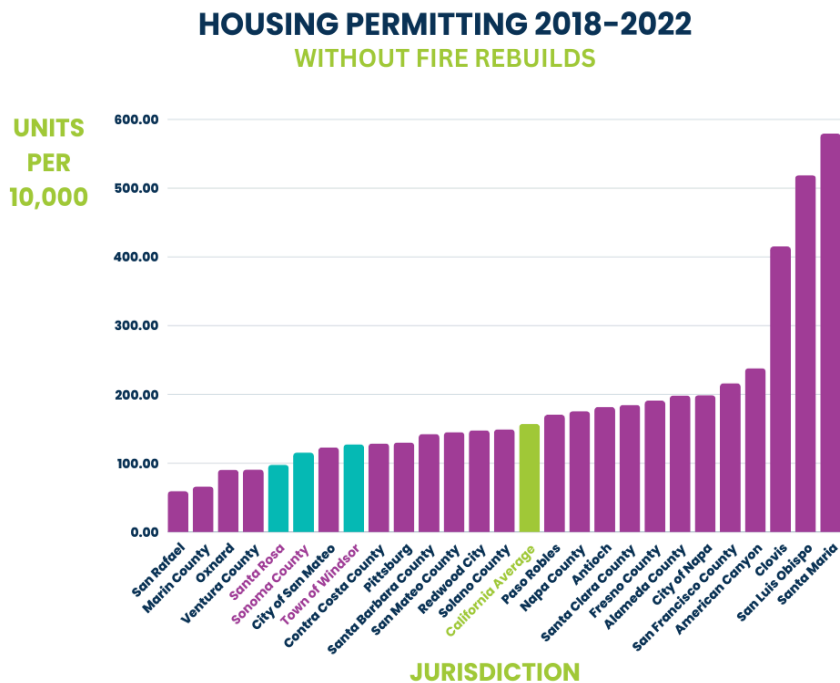
	SFHs of 1000 ft <sup>2</sup> and below	SFHs of 2500 ft <sup>2</sup> and above	SFHs between 1001 ft <sup>2</sup> and 2499 ft <sup>2</sup>
Proposed Fee Increase	assessed fees at the current value	assessed fees at the maximum allowable value based on the jurisdiction’s most recent nexus study	assessed proportional to size between the current rate and allowed maximum

<sup>2</sup> Affordable by Design projects are multifamily units that are smaller, more efficient, or have fewer amenities. The goal is to enable housing that can be brought to market at prices affordable to households earning between 120 percent and 150 percent of Sonoma County.

**We Can't Afford Not To.**

While we are heartened by the general interest in learning about solutions and commitment to some level of investment, and have appreciated open dialogue that led to the more comprehensive approach of the Right Size policy, we are concerned by statements like “we just can’t afford it.” We submit that we can’t afford not to adopt this policy.

Choosing inaction or modest action risks sinking deeper into a housing deficit, decimating the local construction industry as in the Great Recession, being unable to compete with other Bay Area counties for resources needed to leverage BAHFA bond funds, and being forced to continue increasing investment into the services that manage and mitigate the outcomes of housing scarcity and housing cost burden. **We either pay for housing or we pay for the lack of housing.**



Despite housing being a stated priority for every Sonoma County jurisdiction since after the 2017 fires (and some before), **Sonoma County as a whole continues to lag behind in production.** We need you, our elected leaders to act, and act in alignment with your stated priorities and values, with an urgency that is

consistent with a crisis. We need you to resolve to make the hard budgetary choices that a person, organization, or government must make to operationalize priorities.



**We call on you, the leaders of Santa Rosa, to embrace Right Size impact fees, a policy developed based on your feedback, as an emergency ordinance.**

Together, we stand ready and willing to support your bold and decisive action around this proposal.

We thank you for your service and continued commitment to ensuring all members of our community enjoy the benefits of a safe, stable, and affordable home.

In partnership,

A handwritten signature in blue ink, appearing to read "Jen Klose", is positioned above the typed name.

Jen Klose | Executive Director  
Generation Housing