

Santa Monica Lookout

Best local source for news and information

[Columns](#)

[The City](#)

[Commerce](#)

[Links](#)

[About](#)

[Contacts](#)

[Editor](#)

Send PR [Here](#).

Santa Monica City Council Concerned New Traffic Mitigation Fees Could Hurt Small Businesses

By Jason Islas
Staff Writer

August 30, 2012 -- Though generally receptive to a staff proposal for a Transportation Impact Fee (TIF) for developments, the Santa Monica City Council remained concerned about unintended consequences.

The proposed plan would levy a fee for new developments and on use changes in old developments that is expected to pay for approximately \$60 million of the \$134.3 million in transportation-related capital improvement projects that the City has planned in the next 20 years.

"This is not an anti-development measure, by any means. It's a traffic mitigation measure," said Council member Kevin McKeown.

But he added that it may have unintended consequences.

Laurel Rosen, president of the Chamber of Commerce, said that the fee could "limit the ability of businesses to grow and expand in Santa Monica."

Kathleen Rawson, CEO of Downtown Santa Monica, Inc., agreed, saying the proposed fee is higher than that of other cities.

"The fee for Santa Monica is astronomical," she said, adding that it could "push development outside of city limits."

The fee, as it is being proposed, would not affect the largest developments in Santa Monica -- Tier 3 projects -- since they require development agreements. According to staff, development agreements would be exempt from the TIF.

Development agreements are negotiated on a case-by-case basis between the City and the developer and usually include packages of community benefits agreed upon by the parties involved.

Mid-level and small development projects, not subject to development agreements, would have to pay the fee.

"The traffic impact fee will have the most impact on small businesses," said Brad Cox, chairman of the Santa Monica Alliance and senior managing director at Trammell Crow Company.

One big question on the table was whether to apply the fee to auto retail.

Mike Sullivan, who owns four dealerships in Santa Monica, is planning on moving one from Lincoln Boulevard to 16th Street and Santa Monica Boulevard.

If the pricing scheme stays as it was presented Tuesday, Sullivan said he would have to pay a \$1.5 million TIF, which he told the council was "a deal-killer."

Though Sullivan said he believes he should pay some fee to help with traffic infrastructure, he said it would have to be lower.

Both land-use attorney Chris Harding, who spoke on behalf of Sullivan, and Sullivan himself suggested that staff consider a separate TIF for auto dealers.

FRANKGRUBER2012
SANTA MONICA CITY COUNCIL

ROQUE & MARK Co.

REAL ESTATE
(310) 828 - 7525
WWW.ROQUE-MARK.COM

RE-ELECT
KRONOVET
SANTA MONICA
RENT BOARD
www.robertkronovet.com

Many of those speaking on behalf of the business community complained that relative to other cities, Santa Monica's proposed TIF is high.

In Area I -- Downtown and the area surrounding Bergamot Station -- it would cost developers \$21 per square foot. Irvine is just below that, charging developers \$20.28 a square foot. San Francisco charges \$11.34. Bringing up the rear is San Joaquin County, which charges \$1.20 a square foot.

In Area II -- all other parts of the City -- Santa Monica could charge retail developers \$30.10 per square foot.

Housing is another story.

In Area I, staff suggested \$2,600 per unit in multi-family units and \$3,300 per unit in Area II. Of the cities staff compared, only Irvine beats those rates with \$7,175 per unit.

In San Francisco, developers building multi-family units don't have to pay a TIF.

Santa Monica officials proposed an exemption for affordable housing.

Though the council was not asked to take any action Tuesday, staff will consider its input before returning with a drafted ordinance.



Copyright 1999-2012 surfsantamonica.com. All Rights Reserved.

[EMAIL](#)