



## City Council Economic Development Subcommittee

MINUTES (DRAFT)

Via Zoom

Wednesday, June 9, 2022 – 8:15 a.m.

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### **ATTENDANCE**

**Members Present:** Vice Mayor Michael Brownrigg, Councilmember Donna Colson

**Members Absent:** None

**Staff Present:** City Manager (CM) Lisa Goldman, Community Development Director (CDD) Kevin Gardiner, Parks & Recreation Director (PRD) Margaret Glomstad, Finance Director (FD) Helen Yu-Scott

**Members of the Public Present:** Susan Baker (President/CEO of Burlingame/SFO Chamber of Commerce)

### **READ AND APPROVE MINUTES FROM MAY 11 MEETING**

- Approved.

### **DISCUSSION ITEMS**

#### Update on Commercial Linkage Fee Study

EDS Sanfilippo introduced the topic, providing an overview of the commercial linkage fee study performed by Century Urban. This report examined three different prototype office projects of various sizes to determine project feasibility based on a variety of different commercial linkage fees that could be assessed by the City for the project.

In the analysis, projects were assumed to be targeting a 6.5-7% return on costs. Under all linkage fee scenarios for all development prototypes, this return equated to approximately 4.5%, indicating that the projects would not be feasible. Councilmember Colson noted that even if the fees were set at \$0, the return on cost would be “too low” for the projects to be feasible. She asserted that developers are still interested in developing on the Bayfront regardless of higher construction costs. She suggested that perhaps the assumptions about land value in the study are too high.

Vice Mayor Brownrigg expressed interest in staff meeting directly with developers to potentially incorporate more concrete cost estimates into the analysis. Councilmember Colson still supported exploring increasing the linkage fees after receiving an updated analysis, though she is concerned about legal requirements that call for linkage fees to be spent within five years.

She also requested data on what other cities were charging (both for linkage fees and total fee burden). Both Subcommittee members listed several jurisdictions for comparison: South Francisco, Redwood City, San Mateo, San Bruno, and Millbrae. Vice Mayor Brownrigg and Councilmember Colson supported working as an ad hoc subcommittee to discuss using linkage fees for some sort of

workforce housing.

Vice Mayor Brownrigg expressed interest in looking at increasing the City's affordable housing requirements (currently at 10% moderate). CDD Gardiner mentioned that there are several consultants that could perform this work and noted that the same concern had been raised during the Housing Element Update.

Councilmember Colson mentioned two additional items to discuss with Century Urban as part of their analysis: 1) Are developers typically running an Internal Rate of Return (IRR)?; 2) Is the 6.5-7% return on cost too high of an assumption?

Once this report is updated and the fiscal revenue analysis is completed, the Subcommittee supported using the reports to demonstrate if linkage fees can be increased without deterring development. Then, the Subcommittee can discuss how to use the linkage fees and provide the full Council a range of options for increasing affordable housing in the city.

#### Update on Fiscal Revenue Analysis

CDD Gardiner introduced the topic, explaining that this analysis would be examining three actual development projects under review to determine the amount of funds the City would collect, both on a one-time basis and a recurring basis. These can then be used as prototypes for evaluating future developments. Century Urban will be ready to make a presentation of this report at the next meeting (July 13).

#### Miscellaneous Discussion

There was no miscellaneous discussion.

#### Action Items

- EDS Sanfilippo and CDD Gardiner will provide the feedback from this meeting to Century Urban to update the linkage fee study with comparisons to other jurisdictions and incorporate real project data
- CDD Gardiner and EDS Sanfilippo will meet with consultants to begin work on an affordability requirement analysis, likely to include a holistic view of various development bonuses granted by State or Federal laws
- CM Goldman will inquire with Mayor Ortiz about creating a separate ad-hoc Subcommittee to discuss usage of linkage fees

#### FUTURE AGENDA TOPICS

The July meeting will discuss the completed studies from Century Urban related to potential commercial linkage fee updates and revenue projections.

**PUBLIC COMMENTS**

There were no public comments.

**ADJOURNMENT**

Meeting adjourned at 9:00 a.m.

Respectfully submitted,

Joseph Sanfilippo  
Economic Development & Housing  
Specialist