



March 1, 2023

President Williams
and Members of the South Placer Municipal Utility District Board of Directors
SPMUD Headquarters
5807 Springview Drive
Rocklin, CA 95677

Dear President Williams and the SPMUD Board of Directors,

Thank you for your consideration of relief for affordable housing within your service area. As you know, California, and our region in particular, is suffering from a significant affordable housing crisis. Recent inflation and rising interest rates have only exacerbated an already dire emergency.

We'd also like to thank General Manager Neiderberger for reaching out and alerting us to this discussion item. Open communication between the District and the housing industry is a critical first step to addressing this issue within the SPMUD service territory.

We appreciate any efforts by the Board to discuss how to alleviate the cost of building housing, especially pertaining to affordable housing. Unfortunately, there was no affordable housing developer stakeholder input sought for these proposals. Therefore, the proposals laid out in the staff report are incredibly minor and are unlikely to have a significant impact on a developer's ability to provide additional housing at below 60% AMI. There are several reasons for this.

First, \$80,000 would only pay the local portion of the Participation Fee for about 16.5 units. Many low-income projects within the SPMUD service area would develop at ten times this number, so this proposal is likely only to help one single project with a small portion of their units.

Second, the overall cost of \$14,491 per unit is more than just about any project can bear, regardless of whether it is considered an affordable housing project. While we recognize that most of the cost burden is the regional SPWA fee, the SPMUD local participation fee of \$4,827 is still significantly higher than the other participating jurisdictions and would still be charged to the overwhelming majority of new housing units. As we have communicated previously, addressing the twin crises of providing



attainable housing and increasing housing affordability will require a rethinking of how we apply this fee and how much is charged for new development.

Finally, with the district planning to conduct a nexus study later this year, we question why this policy would be implemented now when it's effectiveness is likely to change in the near future. Again, a more holistic approach to reevaluating your fees would be far more productive in generating new affordable housing units within the SPMUD service territory.

We'd like to reiterate our appreciation that the Board is open to conserving how it can partner with the homebuilding industry and local land use jurisdictions to find ways to address the affordability crises. If the Board is open to considering more impactful policies, we would encourage them to reexamine the amount they charge for the local Participation Fee as part of their nexus study, encourage the SPWA Board to reexamine the regional Participation Fee, consider charging fees on the basis of square footage, and providing a more significant discount for affordable housing not subject to annual limits. Additionally, it imperative to involve affordable housing stakeholders in the preliminary discussion on solutions.

As you know, the state is requiring the City of Rocklin and the Town of Loomis to construct 3,250 units of affordable housing between them by 2029. This is a daunting number already and does not even count the unincorporated areas of the SPMUD service area. We appreciate the efforts made by those jurisdictions to make housing more affordable and encourage SPMUD to make similar significant efforts.

Thank you, again, and we look forward to partnering with you to address these important challenges facing our community.

Sincerely,

Jeff Short
Legislative Director
North State Building Industry
Association

Mallori Farrell
Sr. Vice President, Local Public Affairs
California Apartment Association



CC: Herb Niederberger, General Manager, South Placer Municipal Utility District
Ken Broadway, Mayor, City of Rocklin
Bill Halldin, Councilmember, City of Rocklin
Aly Zimmermann, City Manager, City of Rocklin
Danny Cartwright, Mayor, Town of Loomis
Jenny Knisely, Councilmember, Town of Loomis
Sean Rabe, Town Manager, Town of Loomis