



# *2012/2013 Ten Year Residential Housing Permit Forecast*

Department of Transportation  
Prepared for the Board of Supervisors  
September 25, 2012

Legistar Item #12-1158

# *Agenda*



**Background**



**Options**



**Recommendation**



**Next Steps**

# *Background:*

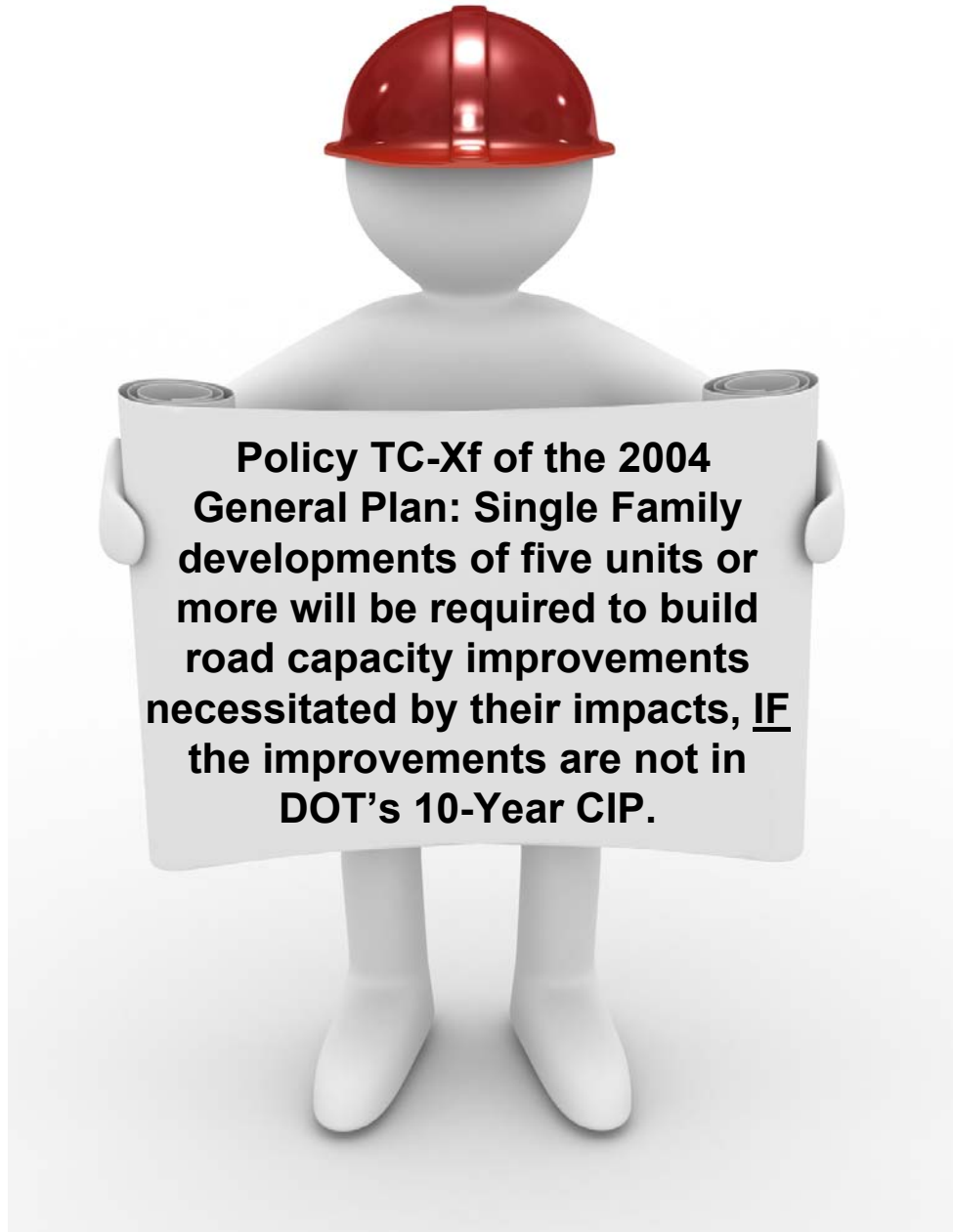
	<b><i>General Plan requires a 10 Year Capital Improvement Program (CIP)</i></b>	
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	<b><i>Revenue from the Traffic Impact Mitigation (TIM) Fee Program is a major source of funding for the CIP</i></b>	
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	<b><i>Residential building permits provide the majority of funding for the TIM Fee Program</i></b>	
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	<b><i>The permit forecast estimates the # of permits DOT will receive in the next 10 years</i></b>	
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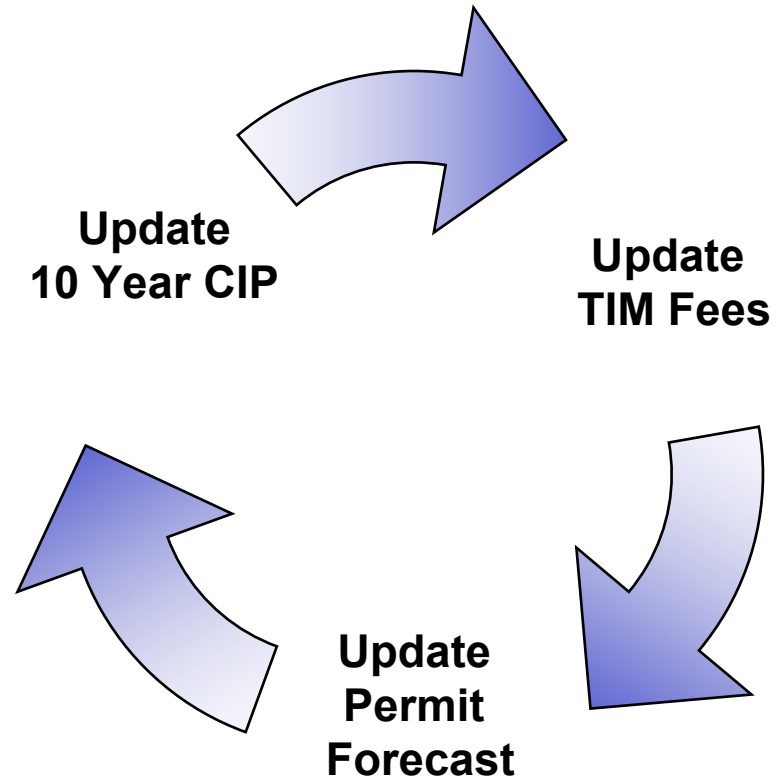
	<b><i>The permit forecast initiates the annual updating cycle for the CIP and TIM Fee Programs</i></b>	
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**Policy TC-Xf of the 2004  
General Plan: Single Family  
developments of five units or  
more will be required to build  
road capacity improvements  
necessitated by their impacts, IF  
the improvements are not in  
DOT's 10-Year CIP.**

# *DOT CIP/TIM Fee Program Annual Updating Process:*

- **Updated TIM Fees Become Effective (Target: July 1<sup>st</sup>)**
  - Based on updated cost estimates (project specific or inflation adjusted)
- **Update Permit Forecast**
  - TIM Fee revenues are directly related to number of permits issued
- **Update CIP**
  - Costs and schedules
  - Revenue from approved permit forecast
    - Establishes priorities for delivery
    - Determines workload for annual budget needs



***The CIP/TIM Fee Program are updated every year.***



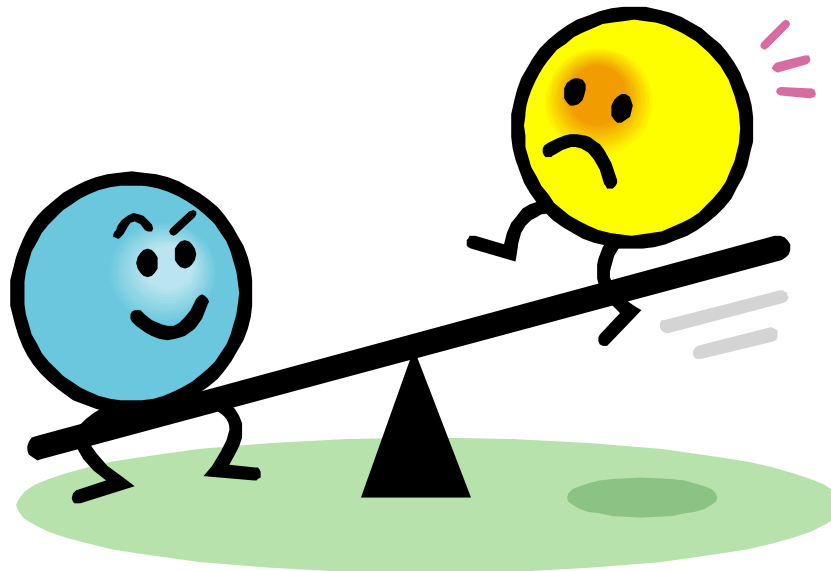
***If we had a crystal ball,  
permit forecasting  
would be easy...***



***There are consequences of forecasting too high or too low.***

# *Forecasting too high:*

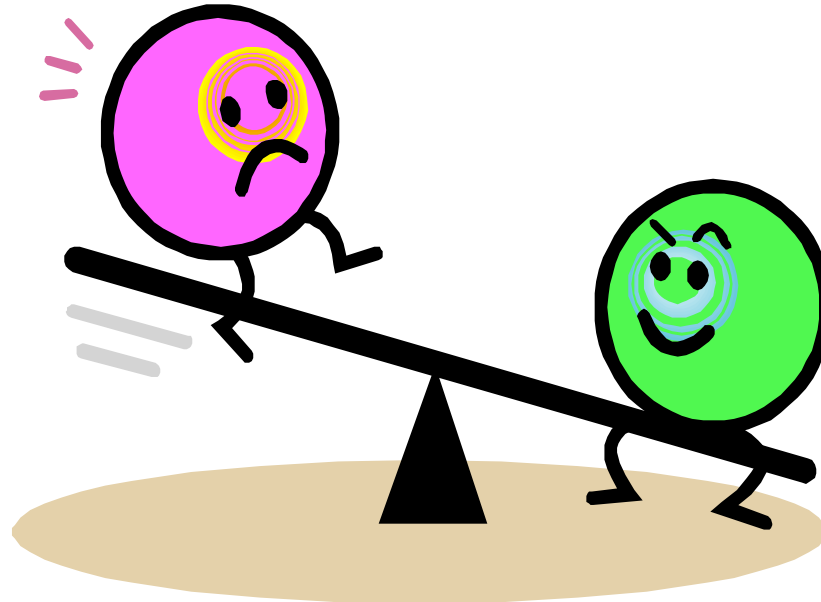
- Lack of revenue to complete programmed projects
- Approved development projects are constructed, but necessary road improvements aren't built, resulting in possible road congestion
- Adding new CIP projects may result in inability to repay current obligations





# *Forecasting too low:*

- Development projects are conditioned to build the improvements up front, which could cause bottom-line problems for those projects
- Some development projects may not go forward due to these additional costs



# *Agenda*



**Background**



**Options**



**Recommendation**



**Next Steps**

# *3 Forecast Options:*



*LONG  
SLOW  
CLIMB*



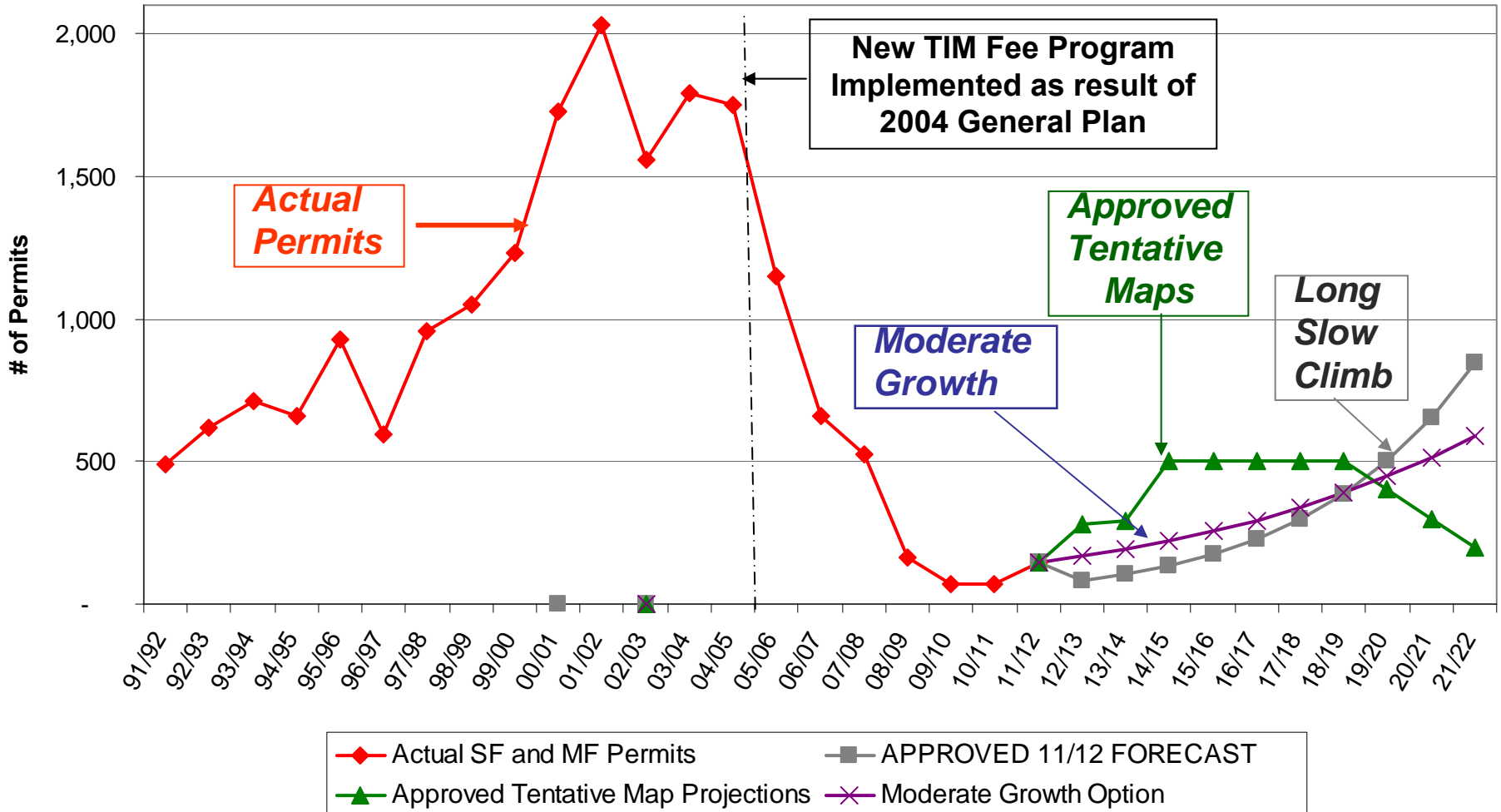
*MODERATE  
GROWTH*



*APPROVED  
TENTATIVE  
MAPS*

*The permit forecast is updated every year.*

# Historical Actuals and Permit Forecasts:



***Due to the many uncertainties in play,  
there is data to support any one of these forecasts.***

# *Proposed Ten Year Forecast:*

FORECASTS											10 Year Total	
11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22		
<b>"Long Slow Climb" Forecast</b>	67*	80	104	135	176	228	297	386	502	653	848	3409
<b>Moderate Growth Forecast</b>	146**	168	193	222	255	294	338	388	447	514	591	3409
<b>Approved Tentative Map Forecast</b>	-	104	289	500	500	500	500	500	400	300	200	3793

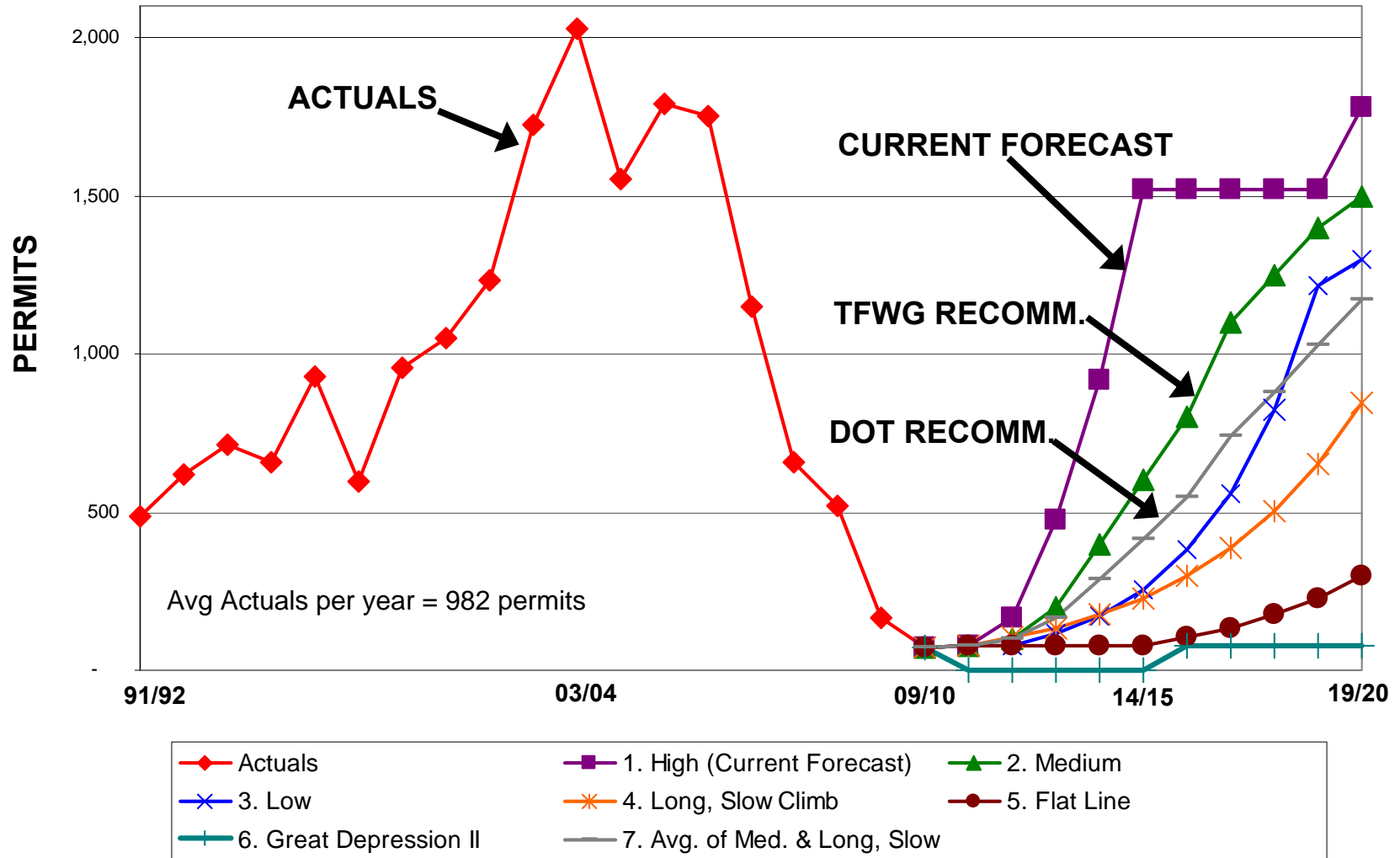
\* 11/12 Approved Forecast

\*\* Actual Permits Received

*At the August 23, 2010 Budget Update Presentation, DOT presented 6 forecasts for discussion.*

1. “High”
2. “Medium”
3. “Low”
4. “Long, Slow Climb”
5. “Flat Line”
6. “Great Depression II”

*After reviewing available research, as well as discussion with the TFWG, DOT recommended using the average of the “Medium” and “Long, Slow Climb” scenarios.*



*The “Long, Slow Climb” scenario presented at the 8/23/10 presentation was developed from:*

- Applying the growth rate implied by SACOG’s current household projections between 2008 and 2020, (i.e., 1.46% growth factor)
  - But starting at a base of 80 permits in 2010
  - And capping the maximum number of permits per year at 1,000

Results in an overall growth factor of 30% per year in permits and a total of **2,632** permits over 10 years

\* SACOG Item #10-4-10C dated April 7, 2010 “Authorize Release of Draft Regional Growth Projections”



# *The “Long Slow Climb”*

## *Option for 2012/2013:*

- DOT recommends a conservative approach
- This trend pattern was adopted at the 8/23/10 Board hearing and modified at the 12/19/11 Board hearing
- Slow recovery of the housing market
- Higher cost of homes
- Not much new construction
- Associated low building permit activity
- Economic uncertainty due to the upcoming election
- Keeps cash on hand available to repay current and prior obligations



## *The “Moderate Growth” Option:*

- Based on actual permits received last fiscal year
- Continues trend of growth from last year
- Still maintains relatively low growth rate
- Anticipates more permits per year than the “long slow climb” forecast



# *The “Approved Tentative Maps” Option:*

- Based on estimates from developers for the following approved Tentative Maps:
  - Promontory
  - Carson Creek
  - West Valley Village
  - Serrano
  - Ridgeview
- Other proposed developments which we may take into account at a later update





# *Agenda*



**Background**



**Options**



**Recommendation**



**Next Steps**

# *DOT recommends the “Long Slow Climb” Option:*

FORECASTS											10 Year Total	
11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22		
<b>DOT Recommended Forecast ▶</b>	<b>67*</b>	<b>80</b>	<b>104</b>	<b>135</b>	<b>176</b>	<b>228</b>	<b>297</b>	<b>386</b>	<b>502</b>	<b>653</b>	<b>848</b>	<b>3409</b>
<b>Moderate Growth Forecast</b>	146**	168	193	222	255	294	338	388	447	514	591	3409
<b>Approved Tentative Map Forecast</b>	-	104	289	500	500	500	500	500	400	300	200	3793

\* 11/12 Approved Forecast

\*\* Actual Permits Received

# *DOT's residential\* permit forecast break-down by zone:*

	11/12 Actual	DOT FORECAST: PERMIT BREAK-DOWN						
		12/13	13/14	14/15	15/16	16/17	17/18 - 21/22	TOTAL 12/13 - 21/22
<b>Zone 8 TIM</b>	57	13	17	21	26	31	450	558
<b>Zone 8 Age Restricted</b>	0	7	8	12	16	51	693	787
<b>West Valley Prepaid**</b>	67	31	44	57	71	72	935	1210
<b>Total Zone 8 (El Dorado Hills)</b>	124	51	69	90	113	154	2078	2555
<b>Zones 1-7 TIM</b>	22	29	23	30	42	49	405	579
<b>Zones 2&amp;3 Age Restricted</b>	0	0	12	15	21	25	203	275
<b>Total Zones 1-7</b>	22	29	35	45	63	74	608	854
<b>Highway 50 = Total Residential Permits</b>	<b>146</b>	<b>80</b>	<b>104</b>	<b>135</b>	<b>176</b>	<b>228</b>	<b>2686</b>	<b>3409</b>

\* Single family and multi-family permits

\*\* West Valley is not 100% pre-paid. Silva Valley set-aside, Highway 50 component, and a residual of the Zone 8 fee are still required.

***Residential\* permit applications received in July and August 2012 (17% of the fiscal year) are running higher than the same time last year:***

	<b>FY 2010/11 Actual Permits</b>	<b>FY 2011/12 Actual Permits</b>	<b>FY 2012/13 Target Permits</b>	<b>FY 2012/13 Actuals to 8/31/12</b>	<b>% of Permits Received vs. Forecast YTD</b>
<b>Zone 8</b>	<b>18</b>	<b>57</b>	<b>13</b>	<b>11</b>	<b>85%</b>
<b>Zone 8 Age Restricted</b>	<b>N/A</b>	<b>N/A</b>	<b>7</b>	<b>0</b>	<b>0%</b>
<b>Additional Blackstone/ Silva Valley</b>	<b>24</b>	<b>67</b>	<b>31</b>	<b>23</b>	<b>74%</b>
<b>Zones 1-7</b>	<b>26</b>	<b>22</b>	<b>29</b>	<b>5</b>	<b>17%</b>
<b>Zones 1-7 Age Restricted</b>	<b>N/A</b>	<b>N/A</b>	<b>0</b>	<b>0</b>	<b>N/A</b>
<b>Highway 50</b>	<b>68</b>	<b>146</b>	<b>80</b>	<b>39</b>	<b>49%</b>
<b>Total Permits</b>	<b>68</b>	<b>146</b>	<b>80</b>	<b>39</b>	<b>49%</b>

**\* Multi-family & Single Family**



***Residential\* permit revenue received in July and August 2012 (17% of the fiscal year) are running higher than the same time last year:***

	<b>FY 2010/11 Actual Revenue</b>	<b>FY 2011/12 Actual Revenue</b>	<b>FY 2012/13 Target Revenue</b>	<b>FY 2012/13 Revenue to 8/31/12</b>
<b>Zone 8</b>	<b>\$350,170</b>	<b>\$1,169,957</b>	<b>\$201,054</b>	<b>\$163,439</b>
<b>Zone 8 Age Restricted</b>	<b>N/A</b>	<b>N/A</b>	<b>\$59,010</b>	<b>0</b>
<b>Additional Blackstone/ Silva Valley</b>	<b>\$351,631</b>	<b>\$940,412</b>	<b>\$291,078</b>	<b>\$147,765</b>
<b>Zones 1-7</b>	<b>\$406,011</b>	<b>\$323,322</b>	<b>\$566,561</b>	<b>\$32,969</b>
<b>Zones 1-7 Age Restricted</b>	<b>N/A</b>	<b>N/A</b>	<b>0</b>	<b>0</b>
<b>Highway 50</b>	<b>\$362,238</b>	<b>\$763,889</b>	<b>\$276,277</b>	<b>\$105,201</b>
<b>Total Revenue</b>	<b>\$1,470,050</b>	<b>\$3,197,580</b>	<b>\$1,322,990</b>	<b>\$449,374</b>

**\* Multi-family & Single Family**

# *Agenda*



**Background**



**Options**



**Recommendation**



**Next Steps**



## *Next Steps:*

- Following Board approval of the permit forecast, DOT will begin the 2013 TIM Fee/CIP update process
- DOT will return to the Board with an update on permit progress at the time of the 2013 10-year CIP adoption