

El Dorado County
Chief Administrative Office
Interoffice Memorandum

September 16, 2014

TO: Terri Daly, CAO

FROM: C.J. Freeland, Department Analyst
Housing, Community and Economic Development Program

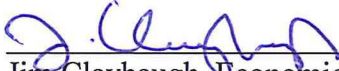
Subject: TIM Fee Offset for Affordable Housing Units – Board Policy B-14
July 2014 - Round 14 Application Review Recommendation

Reviewed by:



Kim Kerr, Assistant Chief Administrative Officer

9/18/14
Date



Jim Claybaugh, Economic and Business Relations Manager/HCED

9-16-14
Date

On December 11, 2007, the Board of Supervisors adopted Policy B-14, Traffic Impact Mitigation (TIM) Fee Offset Program for Developments with Affordable Housing Units. The Traffic Impact Fee Program includes a provision to set aside \$1 million of federal and state transportation revenues annually for a period of 20 years to be used to offset TIM fees in the development of affordable housing. Affordable units must be designed to serve very-low to moderate-income households in the unincorporated areas of El Dorado County to be eligible under specific guidelines of the Traffic Impact Mitigation (TIM) Fee Offset Program. The TIM Fee Offset Program allows for a reduction of TIM fees and is not a cash subsidy.

The Board revised Policy B-14 in December 2013 to allow an ongoing application process for secondary dwellings. Applications for projects with five or more units are accepted twice each year in January and July. The Housing, Community and Economic Development (HCED) Program, under the Chief Administrative Office Economic Development Department, administers the program on behalf of the County.

The application period for Round 14 ended July 15, 2014. One application was submitted for a 12-unit multifamily workforce housing rental project in Diamond Springs (Zone 3, Supervisorial District 3).

In an effort to fulfill both the TIM Fee Offset Program and Housing Element implementation program the TIM Fee Offset Review Committee (“Committee”), comprised of representatives from the Development Services Department, Environmental Management, Economic Development Office, and the Department of Transportation (DOT), considers requests from developers twice each year to identify specific projects that will provide a significant community benefit by providing housing that is affordable to very-low-, low- and/or moderate-income households. A recommendation for approval of TIM Fee Offset by the Committee does not imply approval of the project. Developers must submit projects for approval and permits through El Dorado County Planning Services.

The Committee reviewed and rated the application based upon criteria established by Board Policy B-14.

Request Summary:

Project Name:	Courtside Manor Phase 3	Diamond Springs
Developer:	Courtside Manor Homes, Inc. / Gerald Caditz	
Total Units:	12	
Target Income:	Low	
TIM Fee:	\$ 23,300/Per Unit	
TIM Zone:	3	
Supervisory District:	Brian Veerkamp, District 3	
TIM Fee Offset Request:	\$ 279,600	

Recommendation:

TIM Fee Offset:	Up to \$279,600 (Zone 3 MFR TIM Fee assessment)
Conditions:	<ol style="list-style-type: none">1. Execute TIM Fee Offset Developer’s Agreement2. Execute Rent Limitation and Tenancy Schedule Agreement3. Execute TIM Fee Recapture Agreement for 20-year affordability

The project, Courtside Manor Phase 3, is located at 680 Black Rice Lane in Diamond Springs on the south side of Black Rice Lane between Racquet Way and Happy Lane and consists of 5.21 acres. The property is appropriately zoned R2 (2004 Land Use Designation MFR.) The project consists of three four-plex apartments. The units are 807 sq. ft. two bedroom, two bath. The developer notes that the building plans are based on the same as those recently approved by the Building Services Department for the Skyview Apartments project under construction in Shingle Springs.

Under Board Policy B-14, the Courtside Manor Phase 3 project exceeds the minimum threshold criteria for five or more units where at least 20 percent of the units will be affordable to very low-, low-, or moderate-income households for a minimum of 20 years. Projects that meet the threshold criteria for low income may receive a 75 percent offset of TIM fees per affordable unit. The amount of TIM Fee Offset for this project calculated at a 75 percent reduction for 12 low-income units would be \$209,700. The Courtside Manor Phase 3 project proposes 100 percent of the 12 units be deed-restricted to provide affordable housing to low income households for a period of 20 years.

The Review Committee recommends the project receive the requested 100 percent offset amount of \$279,600, considering that the project assists the County in meeting several additional goals and objectives of the General Plan, including those found in the Land Use Element, Public Services and Utilities Element and the Housing Element. These goals support development in Community Regions, infill development and increasing the supply of housing affordable to lower income households.

The following factors are submitted to support the recommendation of the additional 25 percent TIM Fee Offset:

- a. The County is committed to developing incentive programs and partnerships to encourage private development of affordable housing (Policy HO-1.18, Measure H-4) and the project developers have proven capacity in constructing and managing below-market rentals (Skyview Apartments in Shingle Springs).
- b. The project supports the County's efforts to achieve infill development objectives. (Policy 5.2.1.6; Priority to Infill development, and HO-11; Development of Infill Incentives)
- c. The project is in close proximity to walking and biking trails; close proximity to public transit; close proximity to community facilities, close proximity to medical services; close proximity to present and future commercial and retail centers.

The TIM Fee Offset Review Committee recommends that the CAO agree that this project provides a significant community benefit by providing housing that is affordable to low-income households and request Board approval for a TIM Fee Offset of up to \$279,600. The redacted project application is attached to this document for your consideration.

Should the recommended TIM Fee Offsets in the amount of \$279,600 be awarded, approximately \$6 million would remain in the TIM Fee Offset Program to assist future projects. Any balance remaining at the end of the year will be carried forward and added to the \$1.0 million allocation for the next year. The next application round for projects with five or more units is January 1-15, 2015.

Since implementation of the TIM Fee Offset Program in December 2007, and with approval of the Committee recommendations herein, one million six hundred fifty thousand three hundred twenty dollars (\$1,650,320) in TIM Fee Offsets have been awarded to support the construction of 81 affordable housing units reserved for very-low- to moderate-income households in El Dorado County.

Revisions to Policy B-14 by the Board of Supervisors in December 2013 allows homeowners building a secondary dwelling to complete and submit an application for a TIM fee offset at any time throughout the year when at least one of the units on a parcel is owner-occupied. The CAO may approve or disapprove the request for a TIM Fee Offset for secondary dwellings in accordance with the provisions set forth in the policy and report said offsets to the Board of Supervisors annually. The program allocation summary is attached for your review. A report will be prepared to submit to the Board in December 2014.