

DEVELOPMENT SERVICES DEPARTMENT

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TO: Gayle Erbe-Hamlin

FROM: Shawna Purvines, Senior Planner

DATE: September 8, 2009

RE: TIM Fee Offset for Affordable Housing – Round 4 Application Review Recommendations

As a continued effort to fulfill both the TIM Fee Offset Program and Housing Element implementation, the TIM Fee Offset Review Committee convened for the fourth round of applications due July 15, 2009. The committee consists of a representative from Development Services, Environmental Management and Department of Transportation.

Currently there is approximately \$2.6 million dollars available for offsets. Three applications were submitted this round requesting a total of \$1,488,850 in TIM fee offsets. Two applications are for second dwelling units on owner occupied parcels intended as affordable rentals for low-to moderate income tenants, one located in Somerset (Zone 7, Supervisorial District 2) and the other in the Placerville/Greenstone area (Zone 4, Supervisorial District 4). The third application is for a multi-family residential extremely low- to low-income affordable rental development located in Shingle Springs (Zone 2, Supervisorial District 2). The committee reviewed and discussed the applications, rating each on criteria established by Board policy.

The following is a summary of the requests received and review committee recommendations:

Applicant One:

Project Name	Derencin Second Dwelling Unit - Placerville (Greenstone)		
Developer	Gordon Derencin		
Total Units	1		
Target Income Group	Very Low		
Offset \$	\$ 9,990.00		
TIM Zone	4		
Supervisorial District	4	Ron Briggs	
TIM Fee Offset Request	\$ 9,990.00		

Recommendation:

TIM Fee Offset: **\$ 9,990** (Zone 4 MF TIM Fee assessment)
Conditions: 1. Execute Rent Limitation restriction documents
2. Execute Recapture Agreement for <20 year affordability
3. Execute Planning Services Notice of Restriction

Applicant Two:

Project Name	Jordon 2nd Dwelling Unit - Somerset		
Developer	Jack Jordon		
Total Units	1		
Target Income Group	Very Low		
Offset \$	\$ 11,140.00		
TIM Zone	7		
Supervisory District	2	Ray Nutting	
TIM Fee Offset Request	\$ 11,140.00		

Recommendation:

TIM Fee Offset: **\$ 11,140** (Zone 7 MF TIM Fee assessment)
Conditions: 1. Execute Rent Limitation restriction documents
2. Execute Recapture Agreement for <20 year affordability
3. Execute Planning Services Notice of Restriction

Applicant Three:

Project Name	Sunset Lane Apartments - Shingle Springs		
Developer	Mercy Housing California		
Total Units	54		
Target Income Group	Very Low to Low		
Offset \$	\$ 1,467,720.00		
TIM Zone	2		
Supervisory District	2	Ray Nutting	
TIM Fee Offset Request	\$ 1,467,720.00		

Recommendation:

TIM Fee Offset: **\$ 1,467,720** (27,180 per qualified unit (Zone 2 MF TIM Fee))
Conditions: 1. Execute Developer’s Agreement deed restriction documents.
2. Execute Recapture Agreement should Targeted Income Group (TIG) exceed County Median Family Income (MFI) limits for household size.
3. Recommend County to lock-in project TIM Fee for 2 years until building permit and fees are due and payable to county, allowing for extensions outlined in BOS Policy B-14.

Comments: The amount of TIM Fee Offset for this project calculated at a 100% reduction for 19 extremely low income units and a 75% reduction for 35 low-income units would be \$1,229,895. The committee supports the offset request for an addition incentive of \$237,825 in TIM fee offsets for a total of \$1,467,720.

Under Board Policy B-14, the Sunset Lane project meets the criteria for 5 or more units where at least 20% of the units will be affordable to very low-, low-, or moderate-income households for a minimum of 20 years. This project proposes 100% of the units affordable to target income groups for a period in excess of 20 years. Additional state and federal funding is being sought

that will restrict the affordability period up to 55 years. The recommended offset of \$1,467,720 would equal an overall offset of 98% of total TIM Fees.

Although Board policy allows for a reduction in fees of \$1,229,895, staff recommends that the Board considers approving the project at the requested amount of \$1,467,720, with the knowledge 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 infill development, particularly developments that encourage increasing the supply of workforce housing affordable to lower income households.

The project is located in Shingle Springs on Sunset Lane in close proximity to business, retail, parks, schools and the Red Hawk Casino. The committee submits the following factors to support the recommendation:

- a. The project would provide target density development in a community region – exceeds 12 units/acre. (Policy HO-1.5, Measure HO-7)
- b. The County is committed to developing incentive programs and partnerships to encourage private development of affordable workforce housing (Policy HO-1.18, Measure H-4) and the project developers have proven capacity in constructing and managing below market rentals.
- c. 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)
- d. The proximity of this project to schools, parks and retail, allows easy access to these amenities by walking or bicycle. The project is in close proximity to public transit; close proximity to medical services (Marshall Medical); close proximity to present and future commercial and retail centers; and, close proximity to employers.

Should the full amount of recommended offsets be awarded there would be approximately \$1,172,000 remaining. With an additional \$1.0 million offset allocation for 2010, there would be \$2,172,000 in available TIM Fee offsets for developments with affordable housing. The next application round opens January 1-15, 2010.

Since the Board approved the TIM Fee Offset Program for Developments with Affordable Housing Units in December 2007, and with approval of the Review Committee recommendations herein, 76 affordable housing units will be restricted to low income families that may have otherwise been unavailable.

Following two years (four rounds) of implementation with this program, staff has set a meeting to discuss the program and to evaluate its effectiveness. Findings will be brought to the CAO for discussion. A possible Resolution of Intention to amend the policy will be brought to the Board of Supervisors should revision to the policy be found necessary to further the intent of the program.