



**EL DORADO COUNTY
HEALTH AND HUMAN SERVICES AGENCY**

**Daniel Nielson, M.P.A.
Director**

*Housing, Community and
Economic Development Programs*

TO: Terri Daly, CAO

FROM: Ren Scammon, Administrative Services Officer
Housing, Community and Economic Development Programs *JS*

DATE: March 5, 2012

RE: TIM Fee Offset for Affordable Housing Units
January 2012 - Round 9 Application Review Recommendations

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*.

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 Health and Human Services Agency, Development Services Department, Environmental Management, and the Department of Transportation (DOT), considers requests from developers twice each year, in January and July, 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.

Approximately \$3.36 million dollars is available to offset TIM fees for affordable housing units. Four applications were submitted for the ninth round of the TIM Fee Offset program, three for second dwelling units on owner-occupied parcels located in Rescue (Zone 2, Supervisorial District 4), Cameron Park (Zone 2, Supervisorial District 2), and Diamond Springs (Zone 3, Supervisorial District 3); and one application for an eighty unit multifamily affordable senior apartment project in Cameron Park (Zone 2, Supervisorial District 4). The Committee reviewed and rated the applications based upon criteria established by Board Policy B-14.

The TIM Fee Offset requests as originally submitted total \$2,255,940. Subsequent to the application submission deadline and Committee review, the Board of Supervisors approved an adjustment to the Traffic Impact Mitigation Fee schedule. Those building permit applicants that have final applications submitted and accepted prior to April 13, 2012, and the permit has not been issued, will pay the fee rate(s) in affect after April 13, 2012. Final offset recommendations for a

total of up to \$777,900 are based upon the amended TIM Fees. TIM Fees for second dwelling units are calculated by DOT based on the fee for multifamily residential (MFR).

Request Summary:

Project Name	Szegedy Second Dwelling	
Developer	Martin Szegedy	
Total Units	1	
Target Income Group	Extremely Low Income	
Offset \$	\$ 27,180.00	Effective 4/13/12 \$ 23,300.00
TIM Zone	2 - Rescue	
Supervisorial District	1 - John Knight	
TIM Fee Offset Request	\$ 27,180.00	

Recommendation:

- TIM Fee Offset: Up to **\$ 23,300** (Zone 2 MFR TIM Fee assessment)
 Conditions:
 1. Execute TIM Fee Offset Agreement
 2. Rent Limitation and Tenancy Schedule Agreement
 3. Execute TIM Fee Recapture Agreement for 20-year affordability
 4. Execute Planning Services Notice of Restriction

Request Summary:

Project Name	Hawk Second Dwelling	
Developer	Gayle Hawk	
Total Units	1	
Target Income Group	Low Income	
Offset \$	\$ 27,180.00	Effective 4/13/12 \$ 23,300.00
TIM Zone	2 - Cameron Park	
Supervisorial District	2 - Ray Nutting	
TIM Fee Offset Request	\$ 27,180.00	

Recommendation:

- TIM Fee Offset: Up to **\$ 23,300** (Zone 2 MFR TIM Fee assessment)
 Conditions:
 1. Execute TIM Fee Offset Agreement
 2. Rent Limitation and Tenancy Schedule Agreement
 3. Execute TIM Fee Recapture Agreement for 20-year affordability
 4. Execute Planning Services Notice of Restriction

Request Summary:

Project Name	Riley Second Dwelling	
Developer	Ryan Riley	
Total Units	1	
Target Income Group	Low-Moderate	

Offset \$	\$ 27,180.00	Effective 4/13/12 \$ 23,300.00
TIM Zone	3 - Diamond Springs	
Supervisory District	3 - Jack Sweeney	
TIM Fee Offset Request	\$ 27,180.00	

Recommendation:

- TIM Fee Offset: Up to **\$ 23,300** (Zone 2 MFR TIM Fee assessment)
Conditions:
 1. Execute TIM Fee Offset Agreement
 2. Rent Limitation and Tenancy Schedule Agreement
 3. Execute TIM Fee Recapture Agreement for 20-year affordability
 4. Execute Planning Services Notice of Restriction

Comments: The Riley family built a modest home on their property while later planning to construct a larger primary residence. The first dwelling on any property is assessed for TIM Fees by the Department of Transportation (DOT) as a single-family residential project regardless of square footage. In this instance, the first dwelling constructed is less than 1,200 square feet. Once another residence is constructed on the same property, the second unit is assessed for TIM Fees by DOT at the reduced Multifamily Residential project fee. Because the first unit was constructed at less than 1,200 square feet, the existing residence will qualify as a second dwelling unit and is eligible under the Board Policy for TIM Fee Offset for affordable second dwelling units.

Request Summary:

Project Name	Casa Bella Multifamily Senior	
Developer	Ionic Enterprises, Inc.	
Total Units	80	
Target Income Group	Very Low to Low Income	
Offset \$	\$ 2,174,400.00	Effective 4/13/12 \$ 708,000.00
TIM Zone	2 - Cameron Park/Rescue	
Supervisory District	4 - Ron Briggs	
TIM Fee Offset Request	\$ 2,174,400.00	

Recommendation:

- TIM Fee Offset: Up to **\$708,000** (Zone 2 Age Restricted MFR TIM Fee assessment)
Conditions:
 1. Execute TIM Fee Offset Agreement
 2. Rent Limitation and Tenancy Schedule Agreement
 3. Execute TIM Fee Recapture Agreement for 20-year affordability

Comments: The Casa Bella Multifamily Senior apartment project is intended to be built in two phases of 80 units per phase for a total of 160 age- and income-restricted units. Current offset policy requires that construction of the project begin within two years of a TIM Fee Offset award. This application is requesting offsets for phase one of the project. Phase two is scheduled to start construction in 2015 and therefore the applicant would be eligible to apply for additional TIM Fee Offsets at that time.

The amount of TIM Fee Offset for this project calculated at a 75 percent reduction for 40 low-income units and a 100 percent reduction for 40 very- low income units would be \$619,500. The Committee supports the offset request for an addition incentive of \$88,500 in TIM Fee offsets for a total of \$708,000.

Under Board Policy B-14, the Casa Bella project exceeds the criteria for 5 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. This project proposes 100 percent of the units affordable to age-restricted target income groups for a period of 55 years. The total TIM Fees for the project under the amended TIM Fee Offset fee schedule, effective April 13, 2012, would be \$708,000 (\$8,850 per unit – Zone 2 multifamily age-restricted). The recommended offset of \$708,000 would equal an offset of 100 percent of TIM Fees and has been requested by the applicant to ensure the project is financially feasible; thereby ensuring the probability the units will get built.

Staff recommends that the Board considers funding the project at the requested 100 percent offset amount of \$708,000, 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 the development in Community Regions, infill development, particularly developments that encourage non-motorized types of transportation, increasing the supply of housing affordable to lower income households and providing housing for the special housing needs of seniors.

The project is located in Cameron Park on the north side of Green Valley Road between Starbuck Road and Hastings Drive and consists of 3.09 acres. The Committee submits the following factors to support the recommendation:

- a. The project would provide target density development in a community region – 12 or more units per 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 housing (Policy HO-1.18, Measure H-4) and the project developers have proven capacity in constructing and managing below market rentals. (Ionic Enterprises, Inc. and their partners are the developers of The Knolls affordable multifamily apartments built in Cameron Park.)
- 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 Committee agrees with the developer's request for the additional TIM Fee offset for the following reasons: the project is in close proximity to walking and biking paths; close proximity to public transit; close proximity to community facilities, close to medical services; close proximity to present and future commercial and retail centers; the project will provide essential enhancements to public transit in the community with a public transit stop adjacent to the development.

Program Update:

Should the recommended offset requesting a total of \$777,900 be awarded, approximately \$3.5 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 is July 1-15, 2012.

Since implementation of the TIM Fee Offset Program in December 2007, and with approval of the Committee recommendations herein, three million one hundred seventy four thousand dollars (\$3,174,000) in TIM Fee Offsets have been awarded to support the construction of 150 affordable housing units reserved for low- to moderate-income households.

Committee Recommendation

The TIM Fee Offset Review Committee recommends that the CAO agree that these projects will provide a significant community benefit by providing housing that is affordable to very-low-, low- and/or moderate-income households and request Board approval for TIM Fee Offsets of up to \$777,900. The program allocation summary and redacted project applications are attached to this document.