

TIM Fee Offset Program For Affordable Housing Units

Procedure Manual

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Background:

On August 22, 2006, the Department of Transportation (DOT) presented a General Plan Traffic Impact Mitigation (TIM) Fee Program to the Board of Supervisors as part of the process to implement Measure TC-B of the El Dorado County General Plan.

The Board of Supervisors has long recognized that high traffic impact fees, while appropriate to address traffic impacts from development, have a negative effect on efforts to develop housing affordable for lower-income households.

The TIM Fee Program includes a provision to set aside \$1.0 million of federal and state transportation revenues annually, for a period of twenty (20) years, to be used to offset TIM fees in the development of affordable housing.

The TIM Fee Offset Program will:

- A. Ensure that affordable housing units are safe and habitable;
- B. Implement the Housing Element of the County General Plan, including Policy HO-1.1, Policy HO-1.18, and Policy HO-1.24;
- C. Assist in meeting the County's housing needs by increasing the stock of legal and affordable housing; and
- D. Provide incentive for the development and permitting of a variety of affordable housing types by reducing TIM fees.

This procedure manual describes the application requirements, process and key dates of the TIM Fee Offset Program for developments with affordable housing units, including homeowners building a ~~second dwelling unit~~secondary dwelling ~~second dwelling unit~~ on owner-occupied parcels.

Application Requirements:

~~A housing development project of five (5) or more units where at least twenty (20) percent of the units will be affordable to very low, low, and/or moderate-income households, or homeowners building a second dwelling unit affordable to very low, low, or moderate income households where one of the units on a parcel is owner-occupied, may be eligible for a TIM fee offset under the following guidelines:~~

- ~~1. The Board of Supervisors makes a finding that the project will provide a significant community benefit by providing housing that is affordable to very low, low and/or moderate income households.~~
- ~~2. TIM fees may be offset only for units in the unincorporated areas of the county that have deed restrictions to maintain affordability, or as~~

~~determined by the Board of Supervisors. The TIM Fee Offset Program allows for a reduction of traffic impact mitigation fees and is not a cash subsidy.~~

- ~~3. The developer or homeowner must demonstrate that the project can receive all necessary approvals to begin construction within two (2) years of the TIM fee offset approval.~~
- ~~4. Developments of five (5) or more home ownership or rental units affordable to very low to moderate income households may be eligible for an offset of TIM fees as indicated in Table 1.~~

~~The tables illustrate the fee schedule for the potential TIM fee offset an applicant may receive based on the income affordability level of the units that are being provided and the length of time the units will remain deed restricted in each project.~~

Table 1			
Development Project with Five or More Units			
TIM Fee Offset			
Applies to Ownership (For-Sale) Units			
Affordability Level	Very Low	Low	Moderate
20 years	100%	75%	25%
15 years	75%	50%	0%
10 years	50%	25%	0%
Applies to Rental Units			
Affordability Level	Very Low	Low	Moderate
20 years (minimum)	100%	75%	25%

~~Second or accessory dwelling units in new construction developments with five (5) or more units may be eligible for one hundred (100) percent offset of TIM fees for affordability periods of twenty (20) years or longer (Table 2). Units may not be rented on a transient occupancy basis (periods less than thirty (30) days).~~

Homeowner Secondary -Dwelling Units

~~Homeowners building a second dwelling unitsecondary dwelling may qualify for a TIM fee offset under the following guidelines:~~

- ~~1. The second dwelling unitsecondary dwelling must be affordable to very low-, low-, or moderate-income households where one of the units on the parcel is owner-occupied. Table A illustrates the percentage of TIM fee offset based on the period of affordability.~~
- ~~2. The property must be located in the unincorporated areas of the county.~~

3. The property owner must demonstrate that the project can receive all necessary approvals to begin construction within two (2) years of the TIM fee offset approval.
4. The TIM Fee Offset Program allows for a reduction of traffic impact mitigation fees and is not a cash subsidy.
5. Second-dwelling-unitSecondary dwellings may not be rented on a transient occupancy basis (periods less than thirty (30) days).

<u>Table A</u> <u>Homeowner Second Units</u>	
<u>Homeowner Building a 2nd Unit</u>	
<u>Length of Affordability</u>	<u>% of TIM Offset</u>
<u>20 years</u>	<u>100%</u>
<u>15 years</u>	<u>75%</u>
<u>10 years</u>	<u>50%</u>

Homeowner ~~Second-Dwelling Unit~~Secondary Dwellings: Application Process

Applications from homeowners building a ~~second-dwelling unit~~secondary dwelling are accepted by the Community Development Agency at any time throughout the year during normal business hours. Submit one (1) original and all attachments to:

Shawna Purvines
Community Development Agency
Long Range Planning Division
2850 Fairlane Court, Building C
Placerville, CA 95667

Applications are available from the Housing, Community and Economic Development (HCED) Program and on the County web site at www.edcgov.us. Application forms provided by HCED will require, at minimum, the following information:

- Project Summary and Description
- TIM Fee Offset Request
- Target Income Group
- Developer Information
- Location Map and Floor Plans

- Site Information, Zoning, Utilities
- Financing Plan
- Timetable

The Chief Administrative Officer (CAO) may approve or disapprove the request for a ~~second dwelling unit~~secondary dwelling TIM fee offsets in accordance with provisions set forth in Board Policy B-14, and will report such TIM Fee offsets to the Board of Supervisors annually.

Failure to obtain a building permit or other similar permit within two (2) years of approval will void the TIM fee offset allocation unless a request for an extension has been submitted in writing and is granted by the CAO. Extensions may be granted in one (1) year increments but shall not exceed more than three (3) extensions. Possible reasons for extensions may include County, state or federal issues or other matters not controllable by the applicant.

Any applicant denied assistance from the Program has the right to appeal within ten (10) business days from the date of the denial notice. An appeal should include a statement explaining your reason for appeal. The appeal must be made in writing to:

El Dorado County
CAO/HCED Programs
330 Fair Lane, Building A
Placerville, CA 95667

The County has 30 days to review the appeal, seek recommendations from the Review Committee or Board of Supervisors, and respond in writing to the applicant.

For questions or information requests please contact:

<u>Shawna Purvines</u>	<u>or</u>	<u>C.J. Freeland</u>
<u>Community Development Agency</u>		<u>HCED Programs</u>
<u>530-621-5362</u>		<u>530-621-5159</u>
<u>shawna.purvines@edcgov.us</u>		<u>cynthia.freeland@edcgov.us</u>

Housing Developments Projects

A housing development project of five (5) or more units where at least twenty (20) percent of the units will be affordable to very low-, low-, and/or moderate-income households may be eligible for a TIM fee offset under the following guidelines:

Traffic Impact Mitigation (TIM) Fee Offset Program Procedure

1. The Board of Supervisors makes a finding that the project will provide a significant community benefit by providing housing that is affordable to very low-, low- and/or moderate-income households.
2. TIM fees may be offset only for units in the unincorporated areas of the county that have deed restrictions to maintain affordability, or as determined by the Board of Supervisors. The developer must demonstrate that the project can receive all necessary approvals to begin construction within two (2) years of the TIM fee offset approval.
3. Developments of five (5) or more home ownership or rental units affordable to very low- to moderate-income households may be eligible for an offset of TIM fees as indicated in Table B.

The table illustrates the fee schedule for the potential TIM fee offset an applicant may receive based on the income affordability level of the units that are being provided and the length of time the units will remain deed restricted in each project.

4. Secondary- or accessory dwellings units in new construction developments with five (5) or more units may be eligible for one hundred (100) percent offset of TIM fees for affordability periods of twenty (20) years or longer. (Table B). Units may not be rented on a transient occupancy basis (periods less than thirty (30) days).
5. The TIM Fee Offset Program allows for a reduction of traffic impact mitigation fees and is not a cash subsidy.

Table B			
Development Project with Five or More Units			
TIM Fee Offset			
Applies to Ownership (For-Sale) Units			
Affordability Level	Very Low	Low	Moderate
20 years	100%	75%	25%
15 years	75%	50%	0%
10 years	50%	25%	0%
Applies to Rental Units			
Affordability Level	Very Low	Low	Moderate
20 years (minimum)	100%	75%	25%
Second-Dwelling Unit/Secondary Dwellings in New Construction Development			
Length of Affordability		% of TIM Fee Offset	
Not less than 20 years		100 %	

6. ~~Homeowners building a second dwelling unit where at least one of the units on a parcel is owner occupied may be eligible for up to one hundred (100) percent offset of TIM fees for affordability periods of twenty (20) years or longer (Table 2). The property owner must complete an~~

Traffic Impact Mitigation (TIM) Fee Offset Program Procedure

~~application for review by the Chief Administrative Officer (CAO). The CAO may approve or disapprove the request for TIM fee offset in accordance with provisions set forth in Board Policy B-14.~~

Table 2 Second Units			
Existing Homeowner Building a 2nd Unit		New Construction Development	
Length of Affordability	% of TIM Offset	Length of Affordability	% of TIM Offset
20 years	100%	Not less than 20 years	100%
15 years	75%		
10 years	50%		

Housing Development Projects: Key Dates: Housing Development Projects

El Dorado County will seek applications from qualified residential developers who are constructing residential subdivisions that will include rental and/or home ownership units, ~~and homeowners building a second dwelling unit~~, designed to serve very low-, low-, and/or moderate-income households in the unincorporated area of El Dorado County, using provisions of the TIM Fee Program to offset traffic impact fees.

Applications are available from the Housing, Community and Economic Development (HCED) Program and on the County web site at www.edcgov.us.

Submission Deadlines:

Pre-submission meeting at the Community Development Agency* Applications for new developments of 5 or more units	**June 15 and December 15** June and December of each year
Questions and requests for additional information accepted Pre-submission meeting at the Community Development Agency*	**June 15 - 30 and December 15 - 30**** June 15 and December 15
Application Submission Questions and requests for additional information accepted	**July 1 - 15 and January 1 - 15**** June 15 - 30 and December 15 - 30
Notification to developer team who fail to meet submission requirements Application Submission	January 16 - February 28 July 16 - August 28** July 1 - 15 and January 1 - 15
Advisory Committee meeting to make recommendations to CAO Notification to developer team who fail to meet submission requirements	January 20 - February 28 July 30 - August 28 January 16 - February 28 July 16 - August 28
Board of Supervisors consider offset awards Advisory Committee meeting to make recommendations to CAO	April and October January 20 - February 28 July 30 - August 28

Traffic Impact Mitigation (TIM) Fee Offset Program Procedure

* A pre-submission meeting will be held to ensure that all potential applicants understand the process for submitting applications. Attendance is strongly encouraged.

** Deadline is at 5 p.m. of the final date. Deadlines that occur on weekends and holidays will be extended to the next business day.

~~Housing Development Projects: Questions and Requests for Additional Information~~ ~~Housing Development Projects: Questions and Requests for Additional Information~~

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All questions and requests for additional information regarding the application for TIM Fee Offsets must be received in writing by the Community Development Agency, Long Range Planning Division, by hand delivery, overnight delivery, or by U.S. mail on or before the date and time as shown above. Questions received after the deadlines may not be answered. All addendums to the application form, responses and additional information will be distributed to all applicants. The County reserves the sole right to determine the timing and content of the responses, if any, to all official questions and requests for additional information. Questions and information requests must be submitted to:

Shawna Purvines, Principal Planner
Community Development Agency
Long Range Planning Division
2850 Fairlane Court, Bldg. C, Placerville, CA 95667
(530) 621-5362
Fax (530) 642-0508
shawna.purvines@edcgov.us

~~Housing Development Projects: Submission Package, Dates and Time:~~

~~Developers:~~ Submission of one original and five (5) copies of the application and all attachments must be received by the Community Development Agency beginning January 1 and not later than January 15, and July 1 and not later than July 15 of each year, unless otherwise determined. Deadline is at 5 p.m. of the final date. Deadlines that occur on weekends and holidays will be extended to the next business day.

~~Housing Development Projects: Homeowner second dwelling units: Submission of one (1) original and all attachments will be accepted by the Community Development Agency any time throughout the year during normal business hours.~~

~~Process:~~

The County will accept applications for developments with five (5) or more units in January and July of each year. ~~Applications from homeowners building a second dwelling unit will be accepted any time throughout the year.~~

Application forms provided by HCED will require, at minimum, the following information:

- Project Summary and Description
- TIM Fee Offset Request
- Target Income Group
- Developer Information
- Location Map and Floor Plans
- Site Information, Zoning, Utilities
- Financing Plan
- Timetable

The HCED Program will convene an Advisory Committee composed of at least one representative each from the Chief Administrative Office, and from the Community Development Agency's Transportation, Development Services, and Environmental Management Divisions to review requests and to make TIM fee offset recommendations to the CAO. Other departments may be requested to participate as needed depending on the scope of the project applications received.

The Advisory Committee will meet to review and rank projects of five (5) or more units based on factors such as, but not limited to:

- How the project benefits very low-, low- and moderate-income households;
- Whether the project addresses County Housing Element goals;
- Whether the project addresses the state-mandated El Dorado County Regional Housing Needs Allocation (RHNA) target goals;
- Whether the project provides a mixed-income residential development (rather than a one hundred [100] percent very low- and low-income project);
- Does the project distribute units geographically (pairing) to minimize over-concentration of very low- and low-income subsidized housing; and,
- Whether the project location has available services and infrastructure already in place.

The Advisory Committee will include in its recommendations the specific dollar amount of TIM fee offsets for each project. With Board of Supervisor's approval, total offset recommendations may exceed the amount available in the TIM fee offset balance at the time of the recommendation.

The Advisory Committee is responsible for ensuring that offsets are directed towards higher impact projects, and may choose only to forward TIM fee offset

recommendations to the CAO for those projects of highest affordable housing benefit.

The CAO will provide a recommendation to the Board of Supervisors for developments with five (5) or more units that includes a total TIM fee offset allocation for each residential project application for which offsets are recommended.

The Board of Supervisors will award tentative approval of the TIM Fee offset twice each year for developments with five (5) or more units. The Board of Supervisors must make a finding that the project will provide a significant community benefit by providing housing that is affordable to very low-, low- and/or moderate-income households. Offsets awards for projects that fail to proceed according to Program timelines will be withdrawn and the offset amount will be placed back in the Offset pool.

~~Homeowners building a second dwelling unit may complete an application for a TIM fee offset where at least one of the units on a parcel is owner-occupied. The CAO may approve or disapprove the request for a second dwelling unit TIM fee offsets in accordance with provisions set forth in Board Policy B-14, and will report such TIM Fee offsets to the Board of Supervisors annually.~~

Failure to obtain a building permit or other similar permit within two (2) years of approval will void the TIM fee offset allocation unless a request for an extension has been submitted in writing and is granted by the CAO. Extensions may be granted in one (1) year increments but shall not exceed more than three (3) extensions. Possible reasons for extensions may include County, state or federal issues or other matters not controllable by the applicant.

County departments and offices, including the Transportation Division, shall charge all public agencies and non-profit developers and organizations the same filing fees and other costs as those charged to market-rate developers and private citizens, where those fees are levied to offset the County's costs to provide related services.

TIM Fee Offset Program Requirements: All Projects

Upon tentative approval of a TIM fee offset, developers ~~and~~ or property owners must enter into a written agreement with the County which includes a TIM Fee Offset Deed Restriction Agreement recorded against the property for the length of the affordability period, a TIM Fee Offset Recapture Agreement, and Rent Limitation Agreement for rental units, if applicable. Documents must be executed

and recorded prior to the issuance of a final building permit or certificate of occupancy to receive the TIM Fee Offset award.

HCED will provide rent limits and affordable for-sale pricing annually using income limits that the U.S. Department of Housing and Urban Development (HUD) issues for El Dorado County. HCED will notify participating property owners annually of the current rent, sales price and income limits as soon as they become available.

Monthly rent for affordable rental units may not exceed thirty (30) percent of the gross annual median area income, adjusted for the assumed household size for very low-, low-, and moderate-income households. Assumed household size is based on the number of bedrooms in the unit plus one. For example, the assumed household size for a studio is one person; for a one-bedroom unit, it is two people. The owner may charge no rent, but the tenant must be income-eligible. Units may not be rented on a transient occupancy basis (periods less than thirty (30) days).

When an affordable unit becomes occupied, the property owner will maintain a tenant file containing the initial income verification for each tenant who resides in the affordable unit.

The owner will submit annually a compliance report on HCED approved forms, verifying that the project complies with the TIM Fee Offset Program. The report is due each January for the previous calendar year.

The County of El Dorado, its representatives, and assigns, have the right to enter upon the property, at reasonable times and with reasonable notice, for the purpose of inspecting the property to ensure the unit meets housing quality standards in compliance with County Code and HUD requirements under the Housing Choice Voucher Program guidelines.

This Procedure Manual may be updated with the approval of the Chief Administrative Office and the Community Development Agency. Policy revisions must be approved by the El Dorado County Board of Supervisors.

For questions or information requests please contact:

Shawna Purvines
Community Development Agency
530-621-5362
shawna.purvines@edcgov.us

or

C.J. Freeland
HCED Programs
530-621-5159
cynthia.freeland@edcgov.us

Definitions:

Very Low-Income Households: A very low-income household is one with total gross income that, at the time of eligibility, does not exceed fifty (50) percent of the median monthly income for El Dorado County, as defined by the U. S. Department of Housing and Urban Development.

Low-Income Households: A low-income household is one with total gross income that, at the time of eligibility, does not exceed eighty (80) percent of the median monthly income for El Dorado County, as defined by the U.S. Department of Housing and Urban Development.

Moderate-Income Households: A moderate-income household is one with total gross income that, at the time of eligibility, does not exceed one hundred twenty (120) percent of the median monthly income for El Dorado County, as defined by the U.S. Department of Housing and Urban Development.

Qualifying Household: –Qualifying incomes are based upon the total gross income of all household members age eighteen (18) years and older.

Household Size: Means the total number of people living in a single dwelling unit whether owner-occupied or rented.

Affordable Rental Housing: Rental dwellings for which the total monthly expense (rent plus the standard El Dorado County Housing Authority utility allowance) does not exceed thirty (30) percent of the maximum gross monthly income limit for very low-, low-, and moderate-income households in El Dorado County.

Affordable Ownership Housing: Affordable homeownership housing serves both families and individuals with annual gross incomes at or below one hundred twenty (120) percent of area median income and is housing where the total housing expense (Principal, Interest, Taxes, and Insurance [PITI]) of a household total gross monthly income, plus other expenses such as homeowner association fees, does not exceed thirty-five (35) percent. Affordable homeownership housing must be deed-restricted.

Affordable Sales Price: Affordable sales price is the price at which very low-, low-, or moderate-income households, as defined above, can qualify for the purchase of for-sale units with a total housing expense of no more than thirty-five (35) percent of the gross annual household income of the given income group. For purposes of calculation, housing expenses include PITI and other related assessments.

Deed Restricted: Deed-restricted affordable units are single-family units, ~~second dwelling unit~~~~secondary dwelling~~~~second dwelling units~~, and/or multi-family rental units that are income-restricted for purchase or rent for very low-, low-, or moderate-income households for a specific period of time, secured through an

Affordable Housing Agreement. Deed restricted for-sale units are further secured through a Buyer's Occupancy and Resale Restriction Agreement.

~~Second Dwelling Unit~~Secondary Dwelling~~Second dwelling unit~~: ~~Second dwelling unit~~Secondary dwellings ~~Second dwelling units~~ may consist of the expansion of an existing single-family dwelling by not more than thirty (30) percent of the floor area to provide an attached second residential unit. This unit shall be attached by a common wall to the primary dwelling unit, or attached to a garage by a common wall, which shares a common wall with the primary dwelling. This unit shall be provided with a separate entrance. A ~~second dwelling unit~~secondary dwelling ~~second dwelling unit~~ also means the construction of a detached single-family residential unit not to exceed the maximum square feet of enclosed habitable living area as defined in the El Dorado County Zoning Ordinance Section 17.40.300: Secondary Dwellings.