



**COUNTY OF EL DORADO
PLANNING AND BUILDING DEPARTMENT**

INTEROFFICE MEMORANDUM

Date: February 16, 2021

To: Don Ashton, Chief Administrative Officer

From: C.J. Freeland, Administrative Analyst II *CJF*
Housing, Community and Economic Development Program

Cc: Tiffany Schmid, Director, Planning and Building Department

Subject: TIM Fee Offset for Affordable Housing Units – Board Policy B-14
January 2021- Round 27 Application Review Recommendations

On December 11, 2007, the Board of Supervisors adopted Board 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 traffic impact fees for 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 TIM Fee Offset Program. The TIM Fee Offset Program allows for a reduction of traffic impact fees and is not a cash subsidy.

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 Planning and Building Department, Planning Division, administers the program on behalf of the County.

The Board recently adopted the Traffic Impact Fee (TIF) program which established three TIF zones and new fees effective February 8, 2021. Until such time as the Board revises Board Policy B-14 to update the program name, the fee offset referred to in this recommendation will continue to refer to TIM Fees.

The application period for Round 27 ended January 19, 2021. Two applications were submitted for Round 27 and will be presented below individually.

1. Courtside Manor Apartments Phase 2.

The developer, Courtside Manor Homes, Inc., is proposing to develop a 36-unit affordable rental housing development located on Racquet Way, parcel number 051-461-37-100 in Diamond Springs and comprises approximately four acres appropriately zoned Multi-unit Residential. Phase 1 of the project, which consists of 12 deed restricted low-income units on the subject parcel, received a 100 percent TIM Fee Offset in 2014.

The developer is in the process of completing the Building and Planning Department approval process for Phase 2 under the state's Ministerial Permit Streamline Approval Process provisions (referred to as SB 35). Under SB 35, developments that include at least 50 percent of the units as affordable to low-income households, those earning no greater than 80 percent of the area median income (AMI), may qualify. Courtside Manor Phase 2 has proposed 100 percent of the units as affordable to low income households. Phase 2 will consist of nine two-story fourplex apartment buildings with two-bedroom units at rents affordable to low-income households for a minimum of 20 years. Proposed funding for this project will come from private financing. However, SB 35 provisions require a 55-year deed restriction for low income rental housing.

The total traffic impact fees for the project are \$493,740 (\$13,715 per unit – TIF Zone B multifamily). The recommended offset of \$493,740 would equal an offset of 100 percent of the traffic impact fees and has been requested by the applicant to ensure the project is financially feasible; thereby ensuring the probability the units will be built.

The Review Committee requests the Chief Administrative Officer recommend Board approval of the Offset for the project at the requested 100 percent amount of \$493,740, 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 of housing in Community Regions with nearby transportation, shopping and medical services, infill development, and increasing the supply of housing affordable to lower income households.

Request Summary:

Project Name:	Courtside Manor Apartments, Phase 2
Developer:	Courtside Manor Home, Inc.
Total Restricted Units:	36
Target Income:	Low income (less than 80%AMI)
Traffic Impact Fee	\$ 13,715/per unit
TIF Zone:	TIF Zone B - Diamond Springs
Supervisorial District:	District 3, Wendy Thomas
TIM Fee Offset Request:	\$493,740.00

Recommendation:

TIM Fee Offset:	Up to \$493,740.00 (100% TIF Zone B, Multi-family)
Conditions:	Contingent upon execution and recordation of TIM Fee Offset Affordable Housing Agreement for 20-year affordability.

2. El Dorado Haven Apartments

The developer, Mercy Housing California, is proposing to develop a new 65-unit apartment community named El Dorado Haven, located in El Dorado. The 4.66-acre site is situated to the east of Highway 49, approximately 380 feet south of the Snowline Hospice administrative building, on parcel number 331-301-17, and is appropriately zoned Multi-unit Residential.

The project will include five apartment buildings dispersing 1-, 2-, and 3-bedroom units throughout each of the two- and three-story buildings. A variety of income levels will be served ranging from 20 percent to 50 percent AMI. There will be six ADA accessible units, with the possibility of all ground floor units being ADA adaptable. Additionally, a 4,643 square-foot community building will be attached to one of the residential buildings.

The developer is in the process of completing the Building and Planning Department approval process under the state's Ministerial Permit Streamline Approval Process provisions (referred to as SB 35). Under SB 35, developments that include at least 50 percent of the units as affordable to low income households, those earning no greater than 80 percent of the area median income, may qualify. Mercy Housing has proposed 100 percent of the units as affordable to very low and low income households. Proposed funding for this project will come from the California Tax Credit allocation Committee, California Debt Limit Allocation Committee, California State Department of Housing and Community Development, each of which requires a 55-year affordability deed-restriction requirement. SB 35 provisions also require a 55-year deed restriction for low income housing.

The total traffic impact fees for the project would be \$891,475 (\$13,715 per unit – TIF Zone B multifamily). The recommended offset of \$891,475 would equal an offset of 100 percent of the residential traffic impact fees and has been requested by the applicant to ensure the project is financially feasible; thereby ensuring the probability the units will be built. Non-residential impact fees are not offset.

The Review Committee requests the Chief Administrative Officer recommend Board approval of the Offset for the project at the requested 100 percent amount of \$891,475, 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 with nearby transportation, shopping and medical services, infill development, and increasing the supply of housing affordable to lower income households.

Request Summary:

Project Name:	El Dorado Haven Apartments
Developer:	Mercy Housing California
Total Restricted Units:	65
Target Income:	Very Low to Low income (less than 80%AMI)
Traffic Impact Fee:	\$ 13,714/per unit

TIF Zone: TIF Zone B – El Dorado
Supervisory District: District 3, Wendy Thomas
TIM Fee Offset Request: \$891,475

Recommendation:
TIM Fee Offset: Up to \$891,475 (100% TIF Zone B, Multi-family)
Conditions: Contingent upon execution and recordation of TIM Fee Offset
Affordable Housing Agreement for 20-year affordability.

As stipulated in Board Policy B-14, property owners approved for the TIM Fee Offset are required to enter into an Affordable Housing Agreement with the County that places a deed restriction on the property for the occupancy of the units receiving an offset for lower income households at an affordable rent for the length of time required by the offset affordability requirements (i.e., up to 20 years for a 100 percent offset). Affordable units may only be occupied by income-eligible households.

The Committee reviewed and rated the application based upon criteria established by Board Policy B-14. The TIM Fee Offset recommendation is based on the traffic impact fee rates effective February 8, 2021.

The following factors are submitted to support the Committee’s recommendation of a 100 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 HO 2013-14); b) The Project supports the County’s efforts to achieve infill development objectives (General Plan Policy 5.2.1.6: Priority to Infill development, and HO-2013-14: Development of Infill Incentives); and, c) The proximity of the Project to schools, job centers and retail allows easy access to these amenities by walking or bicycle. The Project is in close proximity to public transit, medical services, and commercial and retail centers that provide additional job opportunities.

Should the total recommended TIM Fee Offsets be awarded, approximately \$10 million in potential offsets 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 million allocation for the next year. The TIM Fee Offset Program allows for a reduction of traffic impact fees through federal and State transportation revenues and is not a cash subsidy. The next application round for projects with five or more units is in July 2021.

Since implementation of the TIM Fee Offset Program in December 2007, and with approval of the recommendations herein, \$3,125,864 in TIM Fee Offsets have been awarded to support the construction of 169 affordable housing units reserved for very-low- to moderate-income households in El Dorado County.