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Discussion of TIM Fees for Age Restricted Housing

Prepared for the Board of Supervisors

December 6, 2010

08-1466.4B.1

Purpose for this Presentation:

- DOT was asked to return to the Board on this item;
- Review and discuss alternatives and implications of adding two new categories for Age Restricted Housing to the TIM Fee Program;
- Request that the Board provide direction to DOT regarding Age Restricted Fee Categories.

Agenda

- Background
- Overview of Current TIM Fee Program
- Discussion of Requests for Reduced TIM Fees
- Discussion of Age Restricted Fee Categories
- Recommendations

On 10/28/08, the Board directed DOT to add two new Traffic Impact Mitigation (TIM) fee categories for Age Restricted (55+) Housing:

Item 30. 08-1466 Transportation Department recommending an addition of a new fee category for age-restricted development in the County's Traffic Impact Mitigation Fee Program. (Cont'd 9/23/08, Item 31)

A motion was made by Supervisor Dupray, seconded by Supervisor Baumann to create two new Traffic Impact Mitigation (TIM) fee categories for Age Restricted (55+) Housing - Single Family Dwelling and Age Restricted (55+) Housing - Multifamily Dwelling County-wide.

Yes: 5 - Dupray, Baumann, Sweeney, Briggs and Santiago

A motion was made by Supervisor Dupray, seconded by Supervisor Sweeney to direct the Department of Transportation to work with the Traffic Impact Mitigation (TIM) Working Group and developers to resolve all of the outstanding issues and concerns relating to the implementation of the new fee program categories; and return to the Board at the time of the next annual update, May 2009, with a report on the new fee program and the appropriate resolutions for the categories.

Yes: 5 - Dupray, Baumann, Sweeney, Briggs and Santiago

DOT has been working to comply with the Board's direction:

- "…work with the Traffic Impact Mitigation (TIM) Working Group and developers to resolve all of the outstanding issues and concerns relating to the implementation of the new fee program categories…"

- DOT researched and analyzed what would be needed to add Age Restricted (AR) Fee Categories to the TIM Fee Program.

- The Age Restricted alternatives and analysis were discussed comprehensively at four meetings of the TIM Fee Working Group (TFWG), beginning with the December, 2008 meeting.

- No consensus was reached by the TFWG.

TFWG Members have conflicting points of view on this topic that cannot be easily reconciled, and therefore, DOT cannot "resolve all of the outstanding issues and concerns…"

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The current Program is comprised of 12 Land Use Types (2 residential and 10 non-residential).

- ***Residential:***
  1. Single Family Dwellings (SFD): Single family detached homes on individual lots, including mobile/modular homes on a permanent foundation and homes within a retirement community. (Reference: Land Uses 210, 240, 251)
  2. Multi-family Dwellings (MFD): Two or more attached dwelling units with a common wall (irrespective of whether they are on the same or different lots/parcels). Examples include: apartments, condominiums, and townhouses. Each unit in a MFD pays the Multi-family rate. (Reference: Land Uses 220, 221, 222, 223, 224, 230, 231, 232, 233, 252)
- ***Non-Residential:***
  1. High trip commercial
  2. General commercial
  3. Office
  4. Industrial
  5. Warehouse
  6. Churches
  7. Gas station
  8. Golf Course
  9. Campground
  10. Bed and Breakfast

The current Program is fair and reasonable.

– All uses are classified into one of the 12 categories, according to which is most appropriate for the use.

– Generally, each category's fees are based on its trip generation rates as described and measured per ITE*.

– The ITE data is made up of averages based on actual trip studies.

* *<u>Trip Generation</u>, Institute of Transportation Engineers*

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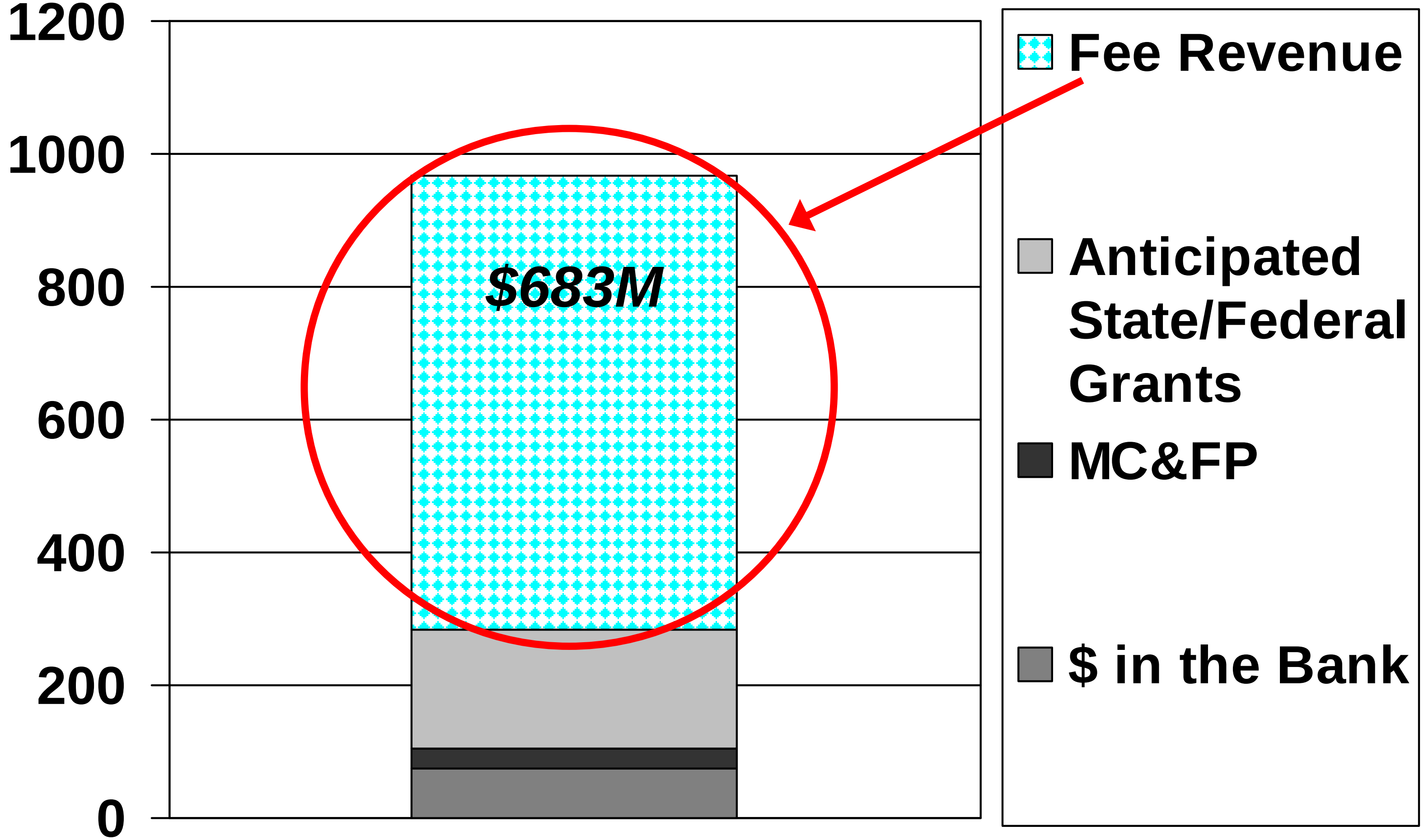
The Fee Revenue is under pressure as DOT receives requests for reduced TIM Fees.

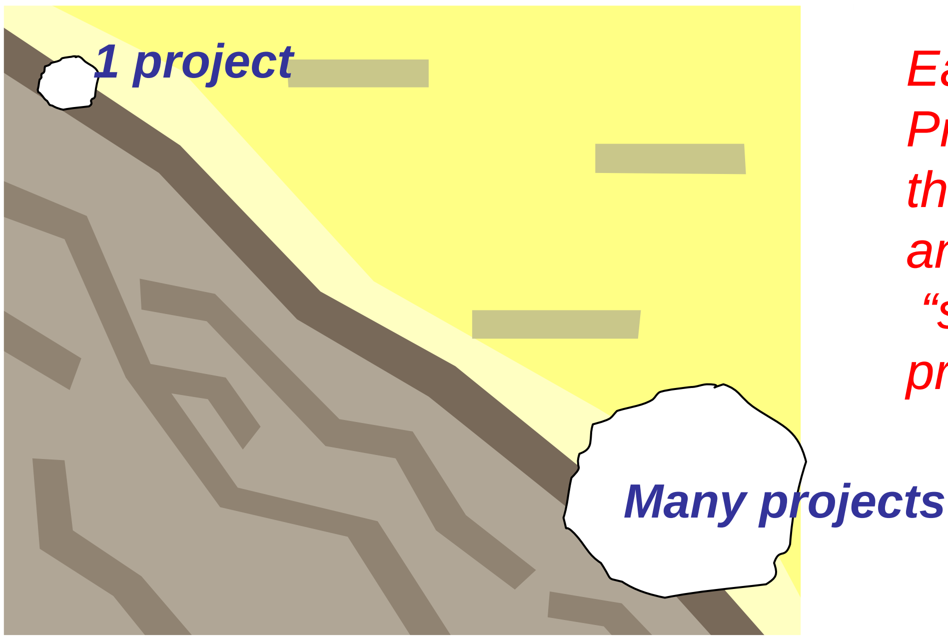


***Note: 2008 Estimates**

DOT has received a number of requests or inquiries for reduced TIM fees:

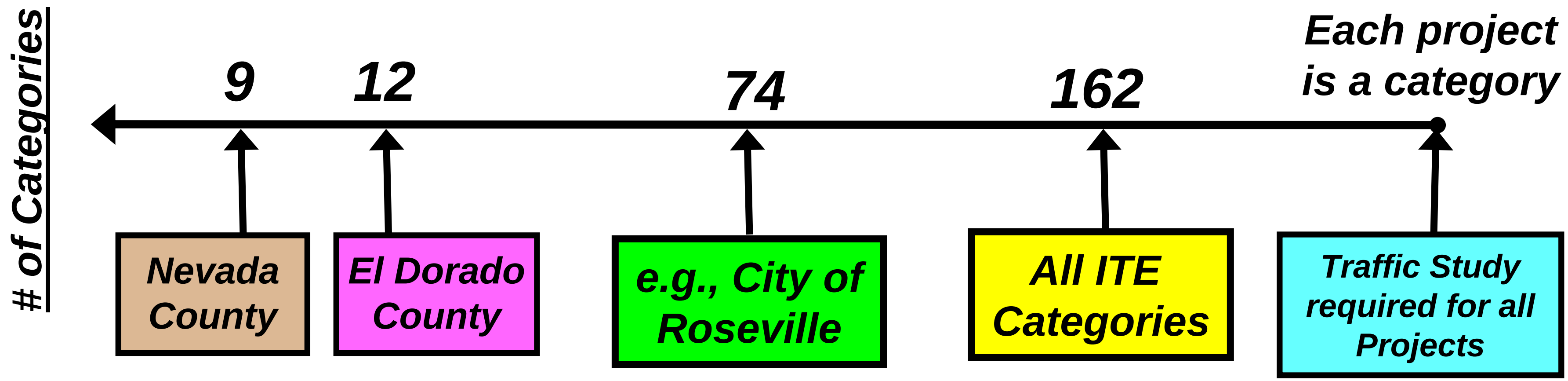
- Age Restricted – new fee categories
- Daycare Facilities – reclassification
- Mixed Use Projects – discount based on perceived trip reductions
- Super High Density Single Family Housing – reclassification
- Fees based on specific tenant uses

These requests could have varying revenue implications.



Each one could cost the Program several hundred thousand dollars or more, and potentially create a "slippery slope" once precedents are set.

The TIM Fee Program is currently structured using a few general fee categories; however there are other options:



- Moving from left to right along the continuum would tie traffic fees more directly to a specific project's impacts.
- All options require averaging, with the exception of requiring a traffic study for every project.
  - The result of averaging is that some applicants will pay somewhat more than their impacts, while others pay somewhat less.
- The current program is relatively cost-effective to administer.
  - A traffic study required for every project would be costly for staff and the applicants.
  - Increasing categories could enable inappropriate attempts to manipulate the Program, resulting in higher administrative costs (e.g., the 23 hour mini-mart instead of the 24 hour mini-mart).

There are some other options for funding changes to the Program, including Age Restricted Housing:

Exceptions Already Made	Funding Sources
Affordable Housing	State/Federal Grants
Non Residential	State/Federal Grants
External to External Trips	State/Federal Grants

Recently Requested Changes:

**** Age Restricted Housing***

**** Mixed Use Projects***

**** Daycare Facilities***

**** Super High Density Single Family Housing***

**** Tenant Improvements***

Funding Options
Improvement/Cost Reductions
Increased Fees on Others
Add Units = Additional Revenue
Special Districts
Project Specific Grants
General Fund
Combination

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DOT has researched and analyzed what it would take to add Age Restricted (AR) Fee Categories to the TIM Fee Program:

1. Reviewed existing ITE traffic studies on AR developments and talked with researchers who had submitted some of these studies;

2. Counted trips at Four Seasons AR development in El Dorado Hills and the 2 adjacent non-AR developments;

3. Interviewed staff at the Cities of Roseville, Lincoln, and Elk Grove to find out how they have approached AR housing, including their fee programs and the basis used for granting reduced fees to AR projects;

4. Developed and analyzed 7 alternatives geared toward keeping the Program “whole”.

Description of Alternatives:

Base Line	**<u>TIM Fee Program:</u>** This is the alternative to which all other alternatives are compared. It assumes the TIM Fee Program forecast for houses (i.e., 22,462 units), and all planned improvements in the TIM Fee Program are built.
Option 0	**<u>"Do Nothing":</u>** No new categories or reduced fees are added for AR but this alternative does recognize the reduction in trips due to AR units. It assumes about 12% of the 22,462 forecasted housing units (i.e., 2,755) will be AR. No changes are made to the planned improvements in the TIM Fee Program or the fees.
Option 1A & 1B	**<u>"AR Gets Reduced Rates 1:1 for Reduced Trips":</u>** SF & MF AR categories are added. AR fees are 38% of non-AR res fees to match measured trip rates in Four Seasons. $20M in improvements are reduced/eliminated. Remaining $22M shortfall plugged with fee increase of 3.5% on all non-AR res (1A) or 3.4% on all non-AR including non-residential (1B).
Option 2	**<u>"AR Benefits From Its Savings":</u>** Same as Options 1A & 1B, except that AR fees are lowered to 71% of non-AR res fees to match the $20M improvement reduction resulting from the reduced trips from AR. No fee changes for others.
Option 3A	**<u>"Adjust Housing Forecasts to Make Up for Revenue Shortfall":</u>** SF & MF AR categories are added. AR fees are 38% of non-AR res fees. $20M in improvements are reduced/eliminated. $22M shortfall plugged with additional 800 (approx.) housing units.
Option 3B	**<u>"Adjust Housing Forecasts to Make Up for Trip Shortfall":</u>** SF & MF AR categories are added. AR fees are 38% of non-AR res fees. No changes to planned improvements. 15K trip shortfall plugged by adding 1820 housing units. Additional $9M in revenue.
Option 4	**<u>"Add AR Units on Top of Existing Forecasts":</u>** 2,755 AR units would be in addition to TIM Fee Program forecast of 22,462 units. AR fees are 38% of non-AR res fees. No fee changes for others. No changes to planned road improvements (all roads stay under GP LOS thresholds). Additional $40M in revenue.

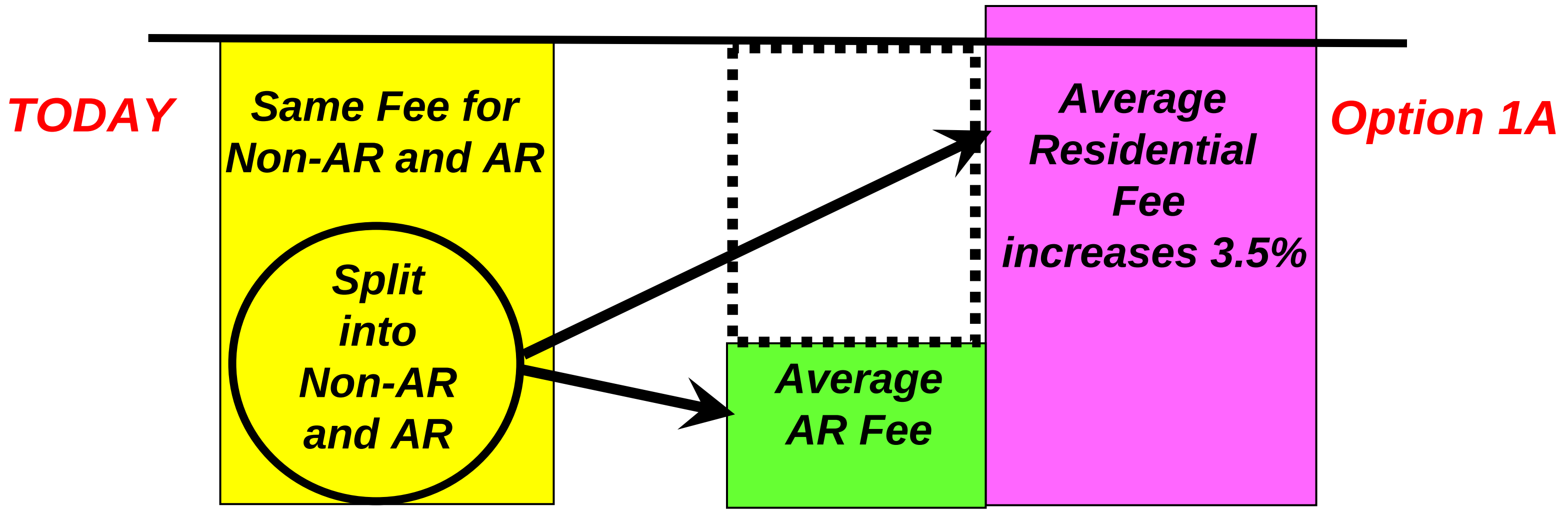
Results:

	Res. Units	Total Trips	Total Revenue	Road Improvements*	CEQA?
Base Line	22,462 (Existing Forecast)	303K	$943M	$943M	N/A
Option 0	TOTAL: 22,462 AR: 460+	288K	$943M	$943M	NONE
Option 1A	TOTAL: 22,462 AR: 2,755	288K	$923M	$923M ($20M no longer needed)	YES
Option 1B	TOTAL: 22,462 AR: 2,755	288K	$923M	$923M ($20M no longer needed)	YES
Option 2	TOTAL: 22,462 AR: 2,755	288K	$923M	$923M ($20M no longer needed)	YES
Option 3A	TOTAL: 23,259 AR: 2,755	296K	$923M	$923M ($20M no longer needed)	YES + likely GP Amendment
Option 3B	TOTAL: 24,282 AR: 2,755	303K	$952M	$943M	YES + likely GP Amendment
Option 4	TOTAL: 25,217 AR: 2,755	312K	$983M	$943M	YES + likely GP Amendment

**** Analysis uses 2008 Total Program Costs***

Issues (I):

- No one will ever request raising their fees; thus, the fees for new categories added through requests, will always be lower.
  - This pulls the average fee collected down, creating a hole in the program unless backfilled in some way.
  - Backfilling by increasing fees on others raises their average fee paid.



Issues (II):

- Adding units will require looking at all infrastructure needs and environmental impacts, not just transportation. Examples include:
  – Environmental impacts such as biological resources, air quality, noise, cultural resources, etc.;
  – Social service/societal impacts such as the costs of the County's senior programs, medical/emergency services;
  – Other infrastructure such as water, sewer, etc.

- This may require amendments to the General Plan (e.g. land uses).

If fee categories are to be added, it may be best to revisit the entire Program at the time of the 5 year TIM Fee major update.

- DOT would work with DSD to create new categories based on the most common land uses envisioned for the County.
  - DOT needs to coordinate with DSD on the upcoming 5 year review of the General Plan
  - DSD will need to update the land use forecast and DOT will need to update the traffic model (neither is in the current work programs of the departments)
  - This will enable DOT to look at adding categories to the TIM Fee Program, such as Age Restricted, Mixed Use, etc.
- Trip rates for all uses (new and existing) would be reviewed to ensure that each category continues to pay its fair share.
- This analysis may result in some fee increases and reductions.
- Note that once fee categories are added, it’s difficult to:
  - Go backward and reduce the number
  - Stop adding categories.

DOT's current approach to the Fee Program:

1. *Keep the current TIM Fee Program "whole".*

   – If a Fee reduction is proposed, there must be a way to pay for it.
   – TIM Fees must meet the nexus test.
   – State/Federal grant money element entirely allocated.
   – Fees have not been raised to match program cost increases in the last 2 years (total $52.8M)*

2. *If a proposal would NOT result in reduced trips, DOT proposes to deny a request for reduced TIM fees.*

   – However, other sources could be used in these situations (e.g., General Fund, creation of Special Districts/Assessments, etc.)
   – The Daycare facilities proposal and the Super High Density Housing concepts fall into this situation.

***** *Reference June 8, 2010 Annual Update, Legistar No. 10-0301*

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DOT recommends that the Board direct DOT to:

- Leave the Fee Program as currently adopted until the following items can be completed:
  1. Update the Land Use Forecast (DSD)
     - Approximate cost: $200K - $400K (General Fund)
     - Estimated Time: 12 – 18 months
  2. Update the Traffic Model (DOT)
     - Approximate cost: $250K - $350K (TIM Fee Program)
     - Estimated Time: 16 – 24 months
  3. Calculate New Fees (DOT)
     - Approximate cost: $100K - $200K (TIM Fee Program)
     - Estimated Time: 8 – 12 months