THE COUNTY OF EL DORADO

Affordable Housing Options Report

Submitted by:

PMC

and

DAS

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

PROJECT OVERVIEW

The El Dorado County Department of Human Services received a Community Development Block Grant (CDBG) for the purpose of exploring options that would encourage and assist in the development of affordable housing. The County enlisted the help of Development Advisory Services and PMC to prepare an Affordable Housing Options Report. The Consultant Team was required to provide recommendations for an affordable housing program that addresses the requirements of Measure HO-C of the El Dorado County Housing Element. Measure HO-C states the following:

> "The County shall establish a task force to explore options that will encourage and assist in the development of affordable housing. One option to be considered is an inclusionary housing ordinance that encourages that a percentage of units in market-rate developments be affordable to very low, lower, and moderate income households. This ordinance may examine the following methods to provide affordable housing: 1) Construction of housing on-site; 2) construction of housing off-site; 3) dedication of land for housing; and 4) payment of an in-lieu fee. Development of this ordinance requires an analysis of the following variables:
>
> A. Limiting the application of the ordinance to developments exceeding a certain size.
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> B. Percentage of housing units required to be set aside as affordable and their level of affordability.
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> C. Design and building requirements
>
> D. Timing of affordable unit construction
>
> E. Determination of a fee in lieu of developing affordable units (and other alternatives)
>
> F. Developer incentives, such as cost offsets.
>
> G. Administration of affordability control."

SUMMARY OF TASKS COMPLETED

The Consultant Team performed an analysis of fifteen (15) housing elements from other cities and counties with affordable housing measures (**Tasks A and B**). The effectiveness as well as the benefits and drawbacks of the use of "inclusionary housing" were evaluated. The Consultant Team also considered alternatives to inclusionary housing, including but not limited to incentives to developers to dedicate land, in-lieu fees, density bonuses, and the possibility of developing a land trust (**Tasks C and D**).

AFFORDABLE HOUSING ISSUES AND CHALLENGES

In addition to Tasks A through E listed above, the Consultant Team identified some of the issues and challenges to producing affordable housing in El Dorado County. The Consultant Team first identified some of the existing needs including the County's Housing Element requirements. All cities and counties in California have to plan for future growth through a process called RHNA (Regional Housing Needs Allocations). The 2006-2013 draft RHNA allocation for El Dorado County required the County to allocate enough land to accommodate an additional 586 very low- and low-income units annually for that seven year period..

The Consultant Team also worked with County staff to determine the number of units that could be developed to meet an affordable housing requirement within the General Plan Buildout capacity. As of June 2007, the total number of housing units that could be developed within the County between 2007-2025 (at buildout) is 20,515. Approximately 6,000 of the 20,515 housing units are already tied up in development agreements that are being constructed sometime between 2007 and 2018. Excluding the units tied up in Development Agreements, there is potential for an additional 14,490 units to be developed between 2007 and 2025. This equates to approximately 725 units per year.

The cost of development and the fees charged in El Dorado County to construct a house has become increasingly higher and has caused difficulty for the development community to construct affordable housing. As of June 2007 the residential fees being charged by all the County Departments to construct a 2,200 square foot single-family home (excluding land costs and building materials) was $75,992 per unit and the cost to construct a 100-unit apartment complex was $43,006 per unit (typical unit was 850 square feet).

Recognizing there s not one simple solution to the development of affordable housing and the fact that the County is not in the business of producing affordable housing, Consulting Team is recommending the following techniques and programs to promote the development of affordable housing.

HOUSING ELEMENT MEASURE HO-C RECOMMENDATIONS

The Consultant Team recommends the following tools be incorporated into a countywide affordable housing program. The program should be implemented on a project-by-project basis with the expectation that developers should be able to meet their affordable housing obligations by completing one of the tasks listed below. Full descriptions of the Consultant Team's Measure HO-C recommendations are listed in Task E.

- Developers can meet their affordable housing requirement through producing a certain amount of accessory dwelling units. The County will need to revise development standards and fees to accelerate the production of this housing type.

- Developers can dedicate land that will be given to the County (possibly through a land bank or other third party administrator such as a Community Land Trust). The land is deeded to the County which then deeds it to a community-based nonprofit on a competitive basis, or is deeded directly by the developer to a non-profit organization.

- Developers can pay a fee per residential unit that will be placed into an affordable housing trust fund that is then used to support development of affordable housing. The fee is used to build housing elsewhere or to subsidize the purchase of housing by community members. There are many formulas for an in-lieu fee, some of which set the fee at only a few thousand dollars, others that set the fee at the full value of the foregone affordable units, and still others that set the fee at the cost of assisting a family through an alternative program.

- Developers can build their affordable housing units on or off-site, as long as they don't result in a concentration of low-income housing, the affordable housing agreement stipulates the terms of the off-site units, and they must be built at the same time. Developers will be required to build the number of dwelling units equivalent to 25 percent of the total market rate units in the proposed subdivision.

CONSULTANT TEAM AFFORDABLE HOUSING RECOMMENDATIONS

Housing Element Measure HO-C is one of many tasks that the County is undertaking to assist with the development of affordable housing. The County's other efforts to promote the development of affordable housing included:

- Updating the County's Density Bonus Ordinance;
- Developing a Mixed-Use and Infill Development Ordinance;
- Updating the County's Housing Element due to the State by June 30, 2008;
- Developing a TIM Fee Waiver Program; and
- As of June 2007, the County's Ad Hoc Housing Task Force was also planning on developing affordable housing recommendations.
- In addition to Task E, Measure HO-C Recommendations, the Consultant Team provided these additional recommendations.

1) The County would benefit from the Board of Supervisors appointing an official Housing Task Force. The Taskforce should include members from a variety of backgrounds across the community to include big and small developers; the real estate industry, community members as well as other groups. The Task Force could include a specific list of members, limited to a manageable number, with clear direction and a written set of operational guidelines - selection of a Chairperson, Vice-Chair and Secretary and assigned County staff support, as well as a timetable for completion of the work. As an option, the County could reinstate the County's Housing Advisory Commission formed in 1982. See attached link http://www.co.el-dorado.ca.us/Planning/Ordinances/1780.pdf

2) The official Housing Task Force could also serve as a "Community Advisory Committee" for the Housing Element Update process. The formal committee could review and provide direction on Housing Element Update policies and program recommendations.

3) The Board-appointed official Housing Task Force could be tasked with the following efforts:

   - Review current fees (It currently costs the same amount of money to construct a 3,000 square foot house as it does a 600 square foot granny unit). The Task Force could examine the current fees being charged within the County.
   - The Task Force could look at providing incentives for developers to build units smaller than 3,000 square feet. The cost of land and fees is driving up the size of homes.

- Assign a County staff member who will solely work with the Task Force and with developers to implement affordable housing policies and directions from the Board of Supervisors.

BOARD OF SUPERVISOR POLICY DIRECTION

The Consultant Team made a presentation to the County Board of Supervisors in January 2007. The Board members made the following comments/suggestions to the Consultant Team:

- Consider an affordable housing program applicable by geographic area and local conditions and constraints of the County; pairing of incomes to the programs;
- Include wide-spread public involvement;
- Receive recommendations through an Affordable Housing Task Force;
- Review other jurisdictions in the region to learn from their program experiences, and
- Provide many options other than a typical inclusionary affordable housing percentage requirement.

PLANNING COMMISSION POLICY DIRECTION

The Consultant Team attended the El Dorado County Planning Commission meeting on May 10, 2007 to gather input and feed back regarding affordable housing options in the County. The following comments and concerns were raised at the Planning Commission meeting.

- The fees to construct a 3,000 square foot house are the same amount as the fees for a 600 square foot second unit, this is a problem facing anyone interested in developing affordable second units.
- Developers needed to build a housing unit over 3,000 square feet to turn a profit because of the cost of land and fees in El Dorado County.
- Staff should look at developing a formal task force that should include members from a variety of backgrounds, not just developers, real estate, etc.

AFFORDABLE HOUSING TASK FORCE

The County established an ad hoc Affordable Housing Task Force in January 2007. The group met every two weeks over several months discussing affordable housing strategies for the County. The Consultant Team attended several Task Force meetings to share the information that was collected in regards to Housing Element Measure HO-C.

EXISTING NEEDS

To assist with identifying the County's existing affordable housing needs the County's Housing Element requirements provided the following information and data:

REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

California State Law requires every jurisdiction to update their General Plan Housing Element every five years. As part of the update process each jurisdiction has to plan for future growth through a process called the RHNA process. Each jurisdiction is assigned a total number of units that they need to plan for over the next seven years from 2006-2013. The total number is broken down by the four income categories including very low-; low-; moderate- and above moderate-income. As of June 2007, the Sacramento Area Council of Governments was still drafting the RHNA numbers for the 2006-2013 Housing Element timeframe.

El Dorado County's draft RHNA numbers for 2006-2013 are listed below. The final draft RHNA numbers will be established as the result of a negotiation process between El Dorado County and SACOG staff. The SACOG Board was expected to adopt the final allocation for the region during December of 2007, or January 2008. Subsequently, the Housing Element must be updated by June 2008 to incorporate the new 2006-2013 RHNA numbers, as well as the land inventory and policies to support development of those new targets.

The following chart is provides the 2006-2013 draft RHNA allocations for El Dorado and the prior RHNA allocation (2000-2007) totals.

	2006-2013 Draft Unincorporated El Dorado County RHNA Allocation		2000-2007 Unincorporated El Dorado County RHNA Allocation[1]	
Income Levels	Number	Percent	Number	Percent
Very Low-Income	3,559	30.3	2,477	29.3%
Low-Income	2,258	19.2	1,629	19.3%
Moderate-Income	2,208	18.8	1,811	21.5%
Above Moderate-Income	3,714	31.6	2,528	29.9%
Total	**11,739**	**100%**	**8,445**	**100%**
Units per Year	**1,677 units per year**		**1,206 units per year**	

[1]*Final Regional Housing Needs Plan, September 20, 2001.*

DEVELOPMENT CAPACITY (BUILDOUT)

Another factor to consider is the development capacity for the unincorporated County. The Consultant Team worked closely with County staff to estimate the number of units that could possibly be required to be developed to meet an affordable housing requirement and the potential outcomes of this program including the number of units that could be developed, and/or amount of revenue and land that would be needed to be obtained for subsidizing the development of affordable housing.

The table below includes the number of residential units that have been constructed in the County between 2000 and 2006 (11,976) and the future residential capacity.

Potential Residential Units Analysis – El Dorado County		
Total residential units to be built per General Plan 2000-2025		32,491[1]
Units Built: 2000-2006	-	11,976[2]
Total to be built 2007-2025	=	**20,515[3]**
Subtract units tied up in Development Agreements(DA)		-6,025
Net total to be built 2007-2025 (no DA units)		**14,490[4]**

[1]2000-2025 rate of permit activity 32,491/25 years = 1,625 per year
[2]2000-2006 rate of yearly permit activity 11,976/7 years = 1,710 per year
[3]2007-2025 rate of yearly permit activity 20,515/20 years = 1,025 per year
[4]2007-2025 rate of yearly permit activity 14,490/20 years (no DAs) = 725 per year

DEVELOPMENT SERVICES FEES (SINGLE FAMILY)

The cost of residential development is rapidly rising throughout the United States and especially in El Dorado County. A list of fees charged by the different departments throughout the County in 2007 is listed below. The following is a listing of typical residential fees being charged in El Dorado County for a 2,200 square foot home with a 450 square foot garage in El Dorado Hills.

Residential Permit Fee 2007 Distribution		
Single Family	Fee	% of Total Cost
Building Permit	$1,473	1.9%
Plan Check	$1,473	1.9%
Energy Fee	--	--
Technology Surcharge	--	--
Seismic/Strong Motion	$29	<1%
Fire Review Fee	--	--
Other Building Permit or Processing Fees	--	--
Total Processing Fees per Unit	**$2,976**	**3.9%**
Sewer	$9,855	13.0%
Water	$12,518	16.5%
Traffic Impact Mitigation Fee Program	$28,870	38.0%
Transit	--	--
Drainage	--	--
Parks-Neighborhood	--	--
Parks	$10,874	14.3%
Fire/Police	$2,703	3.6%
Habitat/Greenbelt Preservation	--	--
Affordable Housing	--	--
Capital Improvement/Public Facilities	--	--
Other General Fees/One-Time Taxes	$386	0.5%
Countywide Fees	--	--
Total Development Impact Fees per Unit	**$65,206**	**85.8%**
Total School Mitigation Per Unit	$7,810	10.3%
Total County and School Fees per Unit	**$75,992**	**100.0%**

Economic & Planning Systems, Inc. (EPS) Single Family Homes Development Cost, El Dorado Hills, April 2007.

DEVELOPMENT SERVICES FEES (MULTI-FAMILY)

The following is a listing of typical residential fees charged in 2007 in El Dorado County per unit for a 100-unit complex, 850 square feet per unit in El Dorado Hills.

Residential Permit Fee 2007 Distribution		
Multi-family	Fee	% of Total Cost
Building Permit	$351	0.8%
Plan Check	$351	0.8%
Energy Fee	--	--
Technology Surcharge	--	--
Seismic/Strong Motion	$15	<1%
Fire Review Fee	--	--
Other Building Permit or Processing Fees	--	--
Total Processing Fees per Unit	$716	1.7%
Sewer	$4,533	10.5%
Water	$5,758	13.4%
Traffic Impact Mitigation Fee Program	$18,840	43.8%
Transit	--	--
Drainage	--	--
Parks-Neighborhood	--	--
Parks	$8,985	20.9%
Fire/Police	$867	2.0 %
Habitat/Greenbelt Preservation	--	--
Affordable Housing	--	--
Capital Improvement/Public Facilities	--	--
Other General Fees/One-Time Taxes	$290	0.7%
Countywide Fees	--	--
Total Development Impact Fees per Unit	$39,273	91.3%
Total School Mitigation Per Unit	$3,018	7.0%
Total County and School Fees per Unit	$43,006	100.0%

Economic & Planning Systems, Inc. (EPS) Multi-family Development Cost, El Dorado Hills, April 2007.

In comparison the following table includes residential fees per unit being charged in neighboring jurisdictions.

Jurisdiction	Residential Fees (per unit)
City of Elk Grove	$91,343[1] (Laguna Ridge Development)
Sacramento County	$87,026[1] (North Vineyard Station)
City of Woodland	$78,382[1] (Spring Lake Development)
City of Folsom	$53,085[1] (Empire Ranch Development)
City of Roseville	$48,448[1] (North Roseville Specific Plan)
Yolo County	$29,003[1] (South Davis Development)

[1]*Economic & Planning Systems, Inc. (EPS) Single Family Homes Development Cost Comparison, September 2006*

THE TASKS

As part of exploring options that would encourage and assist in producing new and affordable housing units, the Consultant Team completed the following five tasks, the completed tasks follow the brief description listed below.

Task A: Presented a list of fifteen (15) housing elements from other cities and counties with affordable housing measures that the Consultant Team reviewed on behalf of the County task force.

Task B: Reviewed the approved list of jurisdictions housing elements, implementation plans and associated documents such as zoning ordinances. Identified jurisdictions whose affordable housing needs are not similar to El Dorado County and modified the list to delete the dissimilar jurisdiction(s) and add others that are similar.

Task C: Reviewed the approved jurisdictions' use of "inclusionary housing" as a method to provide affordable housing. Analyzed the effectiveness of using "inclusionary housing" as a method for cities and counties to provide affordable housing. Researched the benefits and drawbacks of those methods.

Task D: Considered alternatives to inclusionary housing, including but not limited to, in-lieu fees, density bonuses, and waivers/modifications of planning standards.

Task E: Developed recommendations about which method or combination of methods could most effectively assist El Dorado County in achieving its fair share of the full range of affordable housing opportunities.

TASKS A: LIST OF HOUSING ELEMENTS FOR REVIEW

The following is a ranked list of 15 cities and counties with 5 alternates that were reviewed for their affordable housing measures.

1) Merced County
2) Butte County
3) Sonoma County
4) Stanislaus County
5) City of Folsom
6) City of Roseville
7) Nevada County
8) Yolo County
9) Shasta County
10) Placer County
11) San Luis Obispo County
12) Sacramento County
13) City of Elk Grove
14) Contra Costa County
15) Monterey County

Alternates

16) Town of Truckee
17) Ventura County
18) City of Petaluma
19) City of San Luis Obispo
20) City of Woodland

Criteria

The Project Team tried to include a wide range of cities and counties in the list. El Dorado County's characteristics were used to establish a list of criteria for identifying comparable cities and counties. The following is a list of El Dorado County's characteristics:

El Dorado County	
Population	176,204
Jurisdiction Size (Square Miles)	1,805 square miles
Unincorporated County Population	139,505
Number of Housing Units in the Unincorporated Area	60,668 housing units
Median Housing Sales Price	$482,000
2006 County Median Income	$65,400

In addition to using the above characteristics as criteria, the project team felt it was important to include jurisdictions that might not have similar characteristics but were within close proximity to El Dorado County and have successfully implemented affordable housing programs. The following seven criteria were determined for evaluating cities and counties:

Population (Between 150,000 and 200,000);

1) Jurisdiction Size (Square Miles);
2) Comparable unincorporated County population (100,000 to 150,000) and number of housing units;
3) Surrounding Jurisdictions;
4) Not a related market, but good case studies;
5) Median Housing Sales Price ($470,000 to $515,000) (Sacramento Bee June 2006);
6) 2006 County Median Income.

Based on the above criteria the following seven tables were established with three to seven cities and counties included in each table that matched specific criteria.

TASKS A: LIST OF HOUSING ELEMENTS FOR REVIEW

1st set of Criteria:

- Population (Between 150,000 and 200,000)

Jurisdictions El Dorado County	County Population 176,204	Ranking on Final List
1. Merced County	241,706	1
2. Butte County	214,185	2
3. Yolo County	184,932	8
4. Shasta County	179,904	9
5. Imperial County	155,823	
6. Kings County	143,420	

2nd set of criteria:

- Jurisdiction Size (Square Miles)

Jurisdictions El Dorado County	County Population 176,204	Size (Square Miles) 1,805 Square Miles	Ranking on Final List
1. Merced County	241,706	2,138	1
2. Ventura County	796,106	1,846	16
3. Butte County	214,185	1,640	2
4. Sonoma County	466,477	1,576	3
5. Stanislaus County	505,505	1,495	4
6. Mariposa County	18,069	1,451	

3rd set of criteria

- Comparable unincorporated County population (100,000 to 150,000) and number of housing units.

Jurisdictions	Unincorporated County Population	Unincorporated County Housing Units	
El Dorado County	139,505	60,668	Ranking on Final List
1. Placer County	105,702	52,100	10
2. San Joaquin County	138,740	44,062	
3. San Luis Obispo County	111,970	44,660	11
4. Sonoma County	152,467	65,232	3
5. Stanislaus County	114,667	36,327	4
6. Tulare County	150,917	46,350	
7. Ventura County	95,562	32,920	17

4th set of criteria:

- Surrounding Jurisdictions

Surrounding Jurisdictions	Population	
El Dorado County	176,204	Ranking on Final List
1. Sacramento County	1,366,937	12
2. City of Elk Grove	121,358	13
3. City of Folsom	67,906	5
4. City of Rancho Cordova	56,032	
5. City of Roseville	103,185	6
6. Nevada County	99,510	7
7. City of Truckee	15,746	16

5th set of criteria

- Not a related market, but a good case study.

Jurisdictions	County Population	
El Dorado County	176,204	Ranking on Final List
1. Contra Costa County	163,107	14
2. City of Petaluma	56,542	18
3. City of Santa Rosa	156,028	
4. City of San Luis Obispo	44,619	19
5. City of Woodland	53,345	20

6th set of criteria

- Median Housing Sales Price ($470,000 to $515,000) (Sacramento Bee June 2006)

Jurisdictions	June 2006 Resale Homes Price	
El Dorado County	$482,000	Ranking on Final List
1. City of Roseville	$470,000	6
2. City of Winters	$490,000	
3. City of Rocklin	$499,000	
4. City of Folsom	$515,000	5

7th set of criteria

- 2006 County Median Income

Jurisdictions	Median Income	
El Dorado County	$65,400	Ranking on Final List
1. Monterey County	$62,200	15
2. Nevada County	$64,200	7
3. Alpine County	$64,600	

Ranking on the Final List

The above tables include a column labeled "Ranking on the Final List." This column indicates the number the jurisdiction was given in the final ranking of Housing Element for Review.

If a jurisdiction was listed under multiple criteria it was ranked higher on the list of Housing Elements for Review; cities and counties with known affordable housing measures were also ranked higher. For example Merced County (1) had a little bit higher population and a similar jurisdiction size to be comparable to El Dorado County so it was ranked first. Butte County (2) was also repeated in the first and second set of criteria and it was ranked second. Sonoma County (3) and Stanislaus County (4) were repeated in the second and third set of criteria and were ranked third and fourth.

Surrounding jurisdictions were then added (4th set of criteria) to the list City of Folsom (5), Roseville (6), and Nevada County (7).

A couple of more cities and counties from the top of the list that had similar populations were added, Yolo County (8) and Shasta County (9) and then similar unincorporated area populations, Placer County (10) and San Luis Obispo County (11).

Lastly, cities and counties with a variety of affordable housing measures in place were added, Sacramento County (12), City of Elk Grove (13), Contra Costa County (14), and Monterey County (15).

The list of 5 alternatives was cities and counties that did not make the first list of 15 but were within the initial criteria and could possibly be considered in the future.

The cities and counties that do not have numbers next to them were not included in the final list but could be evaluated later if necessary.

TASKS B: REVISED LIST OF HOUSING ELEMENTS FOR REVIEW

The following is the list of 15 cities and counties (with 5 alternatives) that were initially reviewed to identify their affordable housing measures. Jurisdictions that did not have an inclusionary housing program or a similar program that produced affordable housing units were not added to the final list. For example, the following jurisdictions did not have an inclusionary housing ordinance in place and were removed from the final list:

- Merced County
- Butte County
- Nevada County
- Shasta County
- Placer County
- Stanislaus County

San Luis Obispo County and Contra Costa County were in the final stages of drafting inclusionary housing ordinances and will be good examples to review. In addition, four new jurisdictions were added as possible alternatives to be reviewed.

	Jurisdiction	Original List Inclusionary Housing Program	Total Units Produced
1.	Merced County	No	--
2.	Butte County	No	--
3.	Sonoma County	Yes	22 units
4.	Stanislaus County	No	--
5.	City of Folsom	Yes	64 units
6.	City of Roseville	Yes	1,245 units
7.	Nevada County	No	--
8.	Yolo County	Yes	16 built/55 approved
9.	Shasta County	No	--
10.	Placer County	No	--
11.	San Luis Obispo County	Draft	--
12.	Sacramento County	Yes	0
13.	City of Elk Grove	No-Fee Program	788 units
14.	Contra Costa County	Draft	--
15.	Monterey County	Yes	470 units

		Alternatives	
16.	Town of Truckee	No- Workforce Housing Program	300-350 units
17.	Ventura County	No	--

18.	City of Petaluma	Yes	1,442 units
19.	City of San Luis Obispo	Yes	Unknown
20.	City of Woodland	Yes	260 built/400 approved

Newly added Jurisdictions			
21.	Santa Barbara County	Yes	403 built/225 approved
22.	Irvine	Yes	4,500 units
23.	Davis	Yes	1,600 units
24.	Pleasanton	Yes	500 units

New List of Cities and Counties to Be Reviewed:

Based on the above information, the six jurisdictions without an inclusionary housing ordinance were removed. Santa Barbara County and Pleasanton were also added to the list. The jurisdictions were then ranked based on the number of units produced per year since adoption of the affordable housing program. The following is a revised ranking list of 15 cities and counties that will be reviewed for their affordable housing measures.

	Jurisdiction	Inclusionary Housing Program	Year Program was Adopted	Total Units Produced	Units Produced Per Year*
1.	City of Elk Grove	No-Fee Program	2003	788 units	262 units per year
2.	City of Woodland	Yes	2004	260 units	130 units per year
3.	Town of Truckee	No- Workforce Housing Program	2003	300-350 units	108 units per year
4.	City of Roseville	Yes	1988	1,245 units	69 units per year
5.	City of Petaluma	Yes	1984	1,442 units	65 units per year
6	Santa Barbara County	Yes	1993	403 units	31 units per year
7.	Monterey County	Yes	1980	470 units	18 units per year
8.	City of Folsom	Yes	2002	64 units	16 units per year
9.	Sonoma County	Yes	2002	22 units	5 units per year
10.	Yolo County	Yes	1996	16 units	1 units per year
11.	Sacramento County	Yes	2005	0	--
12.	San Luis Obispo County	Draft	2006	--	--
13.	Contra Costa County	Draft	2006	--	--
14.	City of San Luis Obispo	Yes	1999	N/A	--
15.	Pleasanton (500 units produced)				

**This column represents the number of units produced per year since the adoption of each jurisdictions affordable housing program.*

The following spreadsheet provides a summary of each of the 15 approved jurisdictions' use of some type of "inclusionary housing" program. In addition to providing an overview of each program we have also provided some general pros and cons regarding the program's requirements, incentives, and output. County staff also requested that we include a list of development impact fees charged by each of the jurisdictions. The jurisdictions were then ranked by cost of their development impact fees.

Jurisdiction	Population 2006 (Dept. of Finance)	Type of Program	Program Description	Land Dedication and Other Alternatives	Adopted Year	Pros and Cons	Total Units Produced	Units Produced per year (Approx.)	Special Features	Development Fees (Infrastructure Cost per Unit)
City of Elk Grove	130,874	Fee	The city collects a per unit affordable housing fee and distributes the money through a competitive RFP process or as projects are brought forth to the City.	None	2002	Pro: Straightforward program, no set distribution by income level. Provides flexibility with the use of funds. Produced many units in short period of time. Con: Doesn't directly produce units	788 units	197 units	Single family fee: $4042; Multifamily fee: $2015; $32M in fees collected	$91,3431 (Laguna Ridge Development)
Sacramento County	1,385,607	Mandatory	Developments containing five or more units must provide 15 percent of new development to extremely low-, very low- and low-income with 6 percent of that set aside for very low income and 3 percent for extremely low- income.	Land dedication and in-lieu fees are an option. The in-lieu fee is $7,000 per unit with an additional $3,000 affordability fee per unit. Incentives include streamlined review for affordable and special needs projects, removal of application fees, permit requirements for select affordable housing projects; 25 percent fee reduction for infill development; deferred impact fees; encourages developers to apply for special development permits to enable flexibility	2005	Pros: Wide variety of developer incentives Cons: No set aside for moderate- or workforce income levels	Approximately $49,000 in fees collected	0	Subdivisions with less than 100 units have the option of in-lieu fees and those with more than 100 units don't have the option.	$87,0261 (North Vineyard Station)
City of Woodland	52,972	Mandatory	For Sale Units: 10 percent to low-income in development of eight or more units. Multifamily rentals: Developments of 10 or more units must put 10 percent aside for low-income and 20 percent for very low-income OR 25 percent for very low-income. Some special consideration for large infill developments in Redevelopment Areas.	Developer may dedicate land if they demonstrate that on-site would be infeasible or if the Community Development Director decides the dedication would accomplish the objectives of the ordinance. With for sale units, the developer can give or sell land to a non-profit developer. In lieu fees are an option on for sale units. When a project has less than 50 units and it is not feasible for the project to have on-site affordable units, fees can be paid. Fees are figured by assessing the affordability gap (cost of constructing an affordable unit minus the affordable purchase price for a low income household). That gap amount is multiplied by the number of affordable units that would have been required. This amount plus an administrative fee equal the total of an in-lieu fee.	2004	Pros: Flexibility when developing infill in a Redevelopment Area Cons: No mention of in-lieu fees for rental units; development of less than 10 units don't have to contribute units or fees	260 units	130 units	There is a provision for the City Council to decide to require 10 percent of new units be put aside for moderate-income if housing conditions warrant it. If providing inclusionary units is infeasible for infill projects, special considerations apply, but the developer has to work with the Council. For sale units sold by lottery. The city helps the sale of inclusionary units by offering a "soft second" mortgage program whereby the maximum down payment is 5 percent and the "silent second" is the difference between 95 percent of the purchase price (or purchase	$78,3821 (Spring Lake Development)

									price minus down payment amount) and the amount of the affordable maximum first mortgage (also determined by the city). Soft second has 30-year due date, which can be extended. There are rules for resale and recapture. Fund from payoffs and payments of silent seconds go into an affordable housing fund.	
City of San Luis Obispo	44,439	Mandatory	The program applies to both residential and commercial development. In new residential subdivisions in expansion areas, 15 percent of the dwellings built must be sold at prices affordable to low- and moderate-income households. Most new commercial projects must include affordable housing, build it offsite, or pay into a citywide affordable housing fund. Projects of five or more units built within the City limits must build 3 percent low-income or 5 percent moderate-income or pay in-lieu fees. Projects of five or more units built within the expansion area must built 5 percent low-income and 10 percent moderate-income or pay in-lieu fees. Commercial projects must build 2 affordable dwelling units per acre or pay an in-lieu fee.	Alternatives to building the inclusionary units on-site include building the units off-site, dedicating real property, or rehabilitating units with guarantees the units remain affordable, and or paying an in-lieu fee equal to 5-15 percent of building valuation.	2004	Pros: Program applies to residential and commercial projects, everyone is held accountable. Cons: In-lieu fee is high in hopes of getting developers to build units on-site.	75 units $750,000 in funds (as of 2006)	10 units	Affordable units must remain so for either 30 years or, for for-sale properties, the owner may chose to participate in the "shared equity program." In this program, the owner may sell the affordable property within six years of initial sale by sharing the property's built up equity value with the City upon resale of the affordable unit.	$55,4562
City of Folsom	69,445	Mandatory	Applies to developments of 10 or more units: 15 percent of the total units excluding density bonus units are required to be set aside. 10 percent of this set aside must go to very low-income and 5 percent to low-income. In the case of condo conversions of 10 or more units, 10 percent must be set aside. 4 percent of this set aside must go to very low-income, 4 percent to low-income and 2 percent to moderate-income.	Land dedication is allowed with review. Off-site construction, rehabilitation of existing market-rate units, deed restricted accessory units, credits, fee waivers, flexible public works standards, density bonuses, and incorporation into mixed use.	2002	Pros: A wide variety of developer incentives have helped to create many units in a short time frame. Requires resale to income eligible families but allows provisions for sale at market rate if needed. Con: No in-lieu fees option	336 total units including constructed, under construction and approved.	84 units	There is a recapture feature whereupon a seller of an inclusionary unit can sell it for market rate after 60 days of trying to sell to low-income. That seller pays the proceeds to the City Housing Trust Fund except for a percentage determined by the ordinance. In small development where 4 or less inclusionary units are required: 1 required=1	$53,0851 (Empire Ranch Development)

									low-income, 2 required=1 low- & 1 very low-, 3 required=2 low- and 1 very low-; 4 required=2 low- and 2 very low-income.	
City of Roseville	104,655	Mandatory	The City has a 10 percent inclusionary policy; actual requirement is determined through a specific plan process; implemented with developer agreements which the city requires in return for development funding or to raise income targets for inclusionary units.	In-lieu fees have been allowed within the last 1.5 years in the case of rezones, where the development of very low-income for sale units was not feasible. Calculations were based on the subsidy gap analysis for rental housing in the Housing Element (which is dated 2002), which was $50 - 65K/unit and converts to a payment of $2200/unit within these rezoned subdivisions.	1988	Pros: The City is preparing to go before the City Council this year with alternative developer incentives. Con: The current incentives depend on public funding that is already limited.	1245 units since 1999	130 units		$48,4481 (North Roseville Specific Plan)
City of Pleasanton	67,876	Mandatory	Multi-family projects of 15 or more units: 15 percent affordable to very low- and low-incomes. For single family projects of 15 units or more, 20 percent affordable to very low-, low and/or moderate-income. These standards apply to both renter and owner occupied developments. The specific mix of units for the three affordability categories is subject to approval by the city and special consideration is to be given to project with significant percentages of very low- and low-income units.	The City offers incentive to build on-site units such as: fee waiver or deferral, design modifications, reductions in infrastructure, open space, landscaping, and parking requirements, second mortgages, and priority processing. Alternative to on-site construction: off-site projects, land dedication, credit transfers, applicant proposals and in-lieu fee.	1978	Pros: Wide range of incentives for on-site construction. Keeping the specific mix of the 3 income categories open for review could be good or bad. It is good because it allows the program to change with housing conditions, bad because political pressure could cause more "higher" income units to be approved than is needed. Cons: Offering second mortgages is not a developer incentive to build on-site.	500 units	17 units	Allow inclusionary units to be smaller and have less amenities than market rate units.	$41,0383
San Luis Obispo County	263,242	N/A	The inclusionary housing ordinance is not yet adopted; proposal includes: developments < five units subject to in-lieu fee of $2-$3000/house, 20 percent of base project set aside, with 5 percent for very low-income, 5 percent for lower-income, 5 percent for moderate income & 5 percent for "workforce" housing, which is defined as those making 120 percent-160 percent of area median income.		TBD	Pros: Includes workforce, moderate-, low- and very low-income Con: Does not have separate requirements for sale and rental units; No plan for in-lieu fees at this point.			Proposal exempts rental developments with at least 10 unit/acre density, farm worker housing, secondary dwellings, on-site or off-site employee housing.	$40,381.232

Santa Barbara County	421,625	Mandatory	All residential developments of five or more new lots: in the South Coast and Santa Ynez Housing Market Area's (HMA) 5 percent to very low, 5 percent to low-, 10 percent to moderate- and 10 percent to workforce income units. In the Santa Maria and Lompoc HMAs 5 percent to very low-, 5 percent to low- and 10 percent to moderate- income units.	Land donation (subject to approval) fee payment, on-site building or a combination of these things outside the Coastal Zone. Only on-site development in the coastal zone. The in-lieu fee for the very low- and low-income categories shall be based on the amount of funds needed by County Housing and Community Development (CHCD) to subsidize a very low- or low-income unit in an HMA. The fee shall be updated based on either updated subsidy information or the percent change in the median sale price of condominiums in an HMA over a twelve month period. The in-lieu fee for the moderate- and workforce-income categories shall be based on the estimated cost to build a housing unit calculated as the median sale price of condominiums in an MHA over a twelve month period less 15 percent to reflect applicant/developer profit. Density increase of one unit over base density for each required moderate and/or workforce inclusionary unit on-site.	1981 amended 2004	Pros: Specifies set asides according to area characteristics; some incentives for creating workforce units on-site Cons: No workforce allocation in Santa Maria/Lompoc.	695 units	28 units	Requires price restricted rentals to be managed by property management company. Rentals must remain affordable for minimum of 45 years.	$39,628.862
Monterey County	424,842	Mandatory	New ordinance requires 20 percent of units to be built on-site. This 20 percent is divided into 6 percent for very low-income, 6 percent for low-income, and 8 percent for moderate-income.	Building off-site and paying fees is discouraged and only allowed in special circumstances.	1980, 2003	Before 2003 update, most developers paid fees. The 2003 plan only allowed alternatives to on-site development in special circumstances. Pro: 100 percent Affordability Program Con: No set aside for workforce income levels (but their goal is to create this with the 100 percent affordable program); Complex program may discourage some developers	At least 470 total units	18 units	There is a 100 percent affordability goal that enhances the inclusionary unit production. On a case-by-case basis, a number of incentives are paired to try to encourage 100 percent affordable developments. The goal is to create mixed income developments with very low-, low-, moderate- and workforce housing units (sometime workforce is defined above moderate income).	$39,2033

Sonoma County	479,929	Mandatory	The County has a 20 percent inclusionary requirement for sale developments – half for low,- half for moderate-; in rental developments, 15 percent low- and very low- and 10 percent for very low- and extremely low-income.	The in-lieu fee is a fraction of the estimated subsidy cost of providing the affordable units, is graduated based on the size of the new home and is paid at the time of building permit. Land dedication is an option not used recently.	Policy: 2002 Fee: 2005	Inclusionary policy was established in 2002, and a fee was subsequently implemented. Pro: Concentrates on low- and very low-income rental units Con: Doesn't designate rental set asides for moderate or workforce incomes; no requirement for moderate in for sale units; fee structure is complex.	22 Single Family units 52 second dwelling units $604,000 in fees since 2005.	18 units	Special needs developments can get a fee deferral if 20 percent set aside for extremely low-, very low-, or low-income special needs tenants. Individual home builders can pay a fee, or build second dwellings or farm worker housing.	$32,095-$41,5584
City of Petaluma	56,727	Mandatory	Projects with five or more units either for rent or for sale must put 15 percent aside for lower- and moderate-income households	Land dedication and in-lieu fees are accepted. The fee has remained unchanged since its original adoption in 1984. According to the housing element 2002 update, this fee ($2400). Fast-tracking approval process including encouraging second units by approving conditional use permits quicker. Allow for up to 50 percent density bonus.	1984	Pros: Straightforward structure; offers a 50 percent density bonus. Cons: No set aside for very low- or workforce income levels; secondary dwellings are good options, but are limited; fee is low (determined in 1984 when home prices were around $120,000.	1442 units	65 units		$32,095-$41,5584
Yolo County	190,344	Mandatory	For sale developments with 10 or more units: 20 percent of the units for low- and moderate-income; 50 percent of these must go to low- and 50 percent to moderate-income. Developments of less than 10 units will be subject to in lieu fee. Multifamily rental units with 20 or more units must provide 25 percent to very low- and at least 10 percent to low-income; development between 7 and 19 units must provide 15 percent to very low-income and 10 percent to low-income (on-site units); Project with less than 10 (single family) units, or seven units (multifamily) shall be subject to in-lieu fees	Developer housing credit: a developer can petition to building excess affordable housing and get credits, which may be applied to another development within 3 miles of where units actually built. Incentives available to offset cost of inclusionary units: fee waivers or deferrals, modification of planning & public works department standards, streamlining processing, density bonus.	2005	Pros: This program separates for sale and rental requirements. Cons: This program allows a developer credit, which could result in less mixed income developments or more concentration of one income category.	71 units	35 units		$29,0031 (South Davis Development)

Contra Costa County	1,029,377	N/A	County is in the process of adopting a program. The following information is part of the draft program. Applies to developments with five or more units. 20 percent of rentals must be set aside for very low-, low- and moderate-income people. 20 percent of for sale units must be set aside as well. Of that 20 percent, 20 percent will be set aside for low- income and the remaining 80 percent (of that 20 percent set aside) will be for moderate-income.	Land dedication and an in-lieu fee are features of the proposed ordinance. Fees will be deposited into a specific fund that will be used to produce extremely low-, very low-, low- and moderate- income housing.	In process of adoption	Pros: Plan for use of fees, different set asides for rental and for sale units Cons: No set asides for workforce housing				$20,000 - $60,000[5]
Town of Truckee	15,915	Voluntary	In order to get density bonuses, developers are required to set aside 20 percent for low-income and 10 percent for very low-income. Without an ordinance, projects are handled on a case-by-case basis.	Reduction in parcel development standards. Workforce housing: density bonus if housing provided for 50 percent of very low-, low- and moderate-income workforce created by commercial and industrial projects	2005	Pro: In a smaller area, the staff have been able to work on a case-by-case basis to create some affordable and workforce units. Con: Not a true inclusionary program; if a developer doesn't want a density bonus, there is little incentive to build on-site affordable units. No in-lieu fee requirement.	300-350 affordable units; 40-45 workforce units	100 units	Allows higher density bonus when site is within ¼ mile of commercial center with grocery store/drug store & within ¼ mile of transit.	$18,000[6]

[1] *Economic & Planning Systems, Inc. (EPS) Single Family Homes Development Cost Comparison September 2006*

[2] *2005 Development Fee Study. Home Builders Association of the Central Coast.*

[3] *Monterey County Development Impact/Capacity Fee Study, Environmental Resource Policy Department-General Plan Update, October 2001*

[4] *Information provided by the Sonoma County Planning staff as of September 2006*

[5] *Contra Costa County: Growth or Sprawl? An in-depth analysis of the county's sprawl threats and opportunities for smarter growth. Greenbelt Alliance, Winter 2003*

[6] *Information provided by the Town of Truckee as of September 2006*

TASK E: RECOMMENDATIONS

The following summary provides Housing Element Measure HO-C requirements as well as programs a) from neighboring jurisdictions and b) the Consultant Recommendations in addressing the Housing Element requirement. The Consultant's full recommendations are provided after the table.

TASK E: RECOMMENDATIONS

Housing Element Program Requirements	Neighboring Jurisdictions	Consultant Recommendations
Limiting the application of the ordinance to developments exceeding a certain size.	City of Folsom: 10 or more units Sacramento County: 5 or more units Yolo County: 10 or more units According to the 2003 study "Inclusionary Housing in California: 30 Years of Innovation", the average minimum project size for 107 California communities was 10.2 units.	All housing projects of 10 or more units will be required to provide affordable housing.
Percentage of housing units required to be set aside as affordable and their level of affordability.	City of Folsom: (inclusionary program) 15% Sacramento County (inclusionary program): 15% Town of Truckee (voluntary): 20%	Second Units. For every five single-family units built one affordable second unit will be required. Land Dedication. Enough land to yield a number of dwelling units equivalent to 20 percent of the total market rate units in the proposed subdivision. Fee Option. Developers can pay a fee per unit that will be placed into an affordable housing trust fund that is then used to support development of affordable housing. The fee is used to build housing elsewhere or to subsidize. The fee will be determined through a future nexus study. Offsite Construction. Developers can build the number of dwelling units equivalent to 25 percent of the total market rate units in the proposed subdivision.

Housing Element Program Requirements	Neighboring Jurisdictions	Consultant Recommendations
Design and building requirements	All ordinances reviewed require affordable units to be comparable in number of bedrooms, exterior appearance and quality of construction to the market rate units in the project.	Affordable units shall be dispersed throughout projects unless otherwise approved by the County. Affordable units shall be constructed with identical exterior materials and an exterior architectural design that is consistent with the market rate units in a project. Affordable units may be of smaller size than the market units in a project. In addition, affordable units may have fewer interior amenities than the market rate units in a project. However, the county may require that affordable units meet certain minimum standards. These standards shall be set forth in a affordable housing agreement for the project.
Timing of affordable unit construction	All ordinances reviewed require affordable units to be constructed concurrently.	Affordable units to be constructed concurrently or before the other units. In a phased project, the affordable units should be provided proportionally. Affordable units dispersed throughout the residential development may be clustered if this increases affordability
Recommendations *The following recommendations are listed in priority order by the Consultant Team.*		
Second Units	City of Folsom allows the production of second units to meet their affordable housing requirement.	A developer may construct accessory dwellings (also known as secondary units or "granny flats") on site of the development project to meet the affordable housing requirement. The lots upon which the accessory dwellings are constructed shall be deed restricted to provide that the units, if rented, shall be restricted to very low- or low-income households at affordable rents.
Land Dedication	Sacramento County: Land Dedication is allowed. City of Folsom: Land Dedication is allowed with review.	Developers can dedicate land that will be given to the County (possibly through a land bank or other third party administrator such as a Community Land Trust). The land is deeded to the County which then deeds it to a community-based nonprofit on a competitive basis, or is deeded directly by the developer to a non profit organization.

Housing Element Program Requirements	Neighboring Jurisdictions	Consultant Recommendations
Fee	Sacramento County: The in-lieu fee is $7,000 per unit with a $3,000 affordability fee per unit. City of Elk Grove: Single family fee: $4042; Multifamily fee: $2015. Sonoma County: The in-lieu fee is a fraction of the estimated subsidy cost of providing the affordable units, is graduated based on the size of the new home, and is paid at the time of building permit.	Developers can pay a fee per unit that will be placed into an affordable housing trust fund that is then used to support development of affordable housing. The fee is used to build housing elsewhere or to subsidize. The fee will be determined through a future nexus study.
On/Off-site Construction	As of March 2003, 107 California jurisdictions are known to use local inclusionary practices to provide affordable housing (Inclusionary Zoning: The California Experience 2004). City of Folsom allows offsite construction. Yolo County allows offsite construction.	Developers can build their affordable housing units on/off-site, as long as they don't result in a concentration of low-income housing, the affordable housing agreement stipulates the terms of the off-site units, and they must be built at the same time.

TASK E: RECOMMENDATIONS

Housing Element Program Requirements	Neighboring Jurisdictions	Consultant Recommendations
Developer incentives	Yolo County: Incentives available to offset cost of inclusionary units: fee waivers or deferrals, modification of planning & public works dept. standards, streamlining processing, and density bonus. Town of Truckee: Reduction in parcel development standards.	Density Bonus Fee Waiver or Deferral TIM Fee Offset Design Modifications Priority Processing Credit Transfers
Administration of affordability control.	Yolo County: For Sale 20 years Rental: permanent City of Woodland: For sale 10 years; Rental: Permanent Sacramento County: For sale 30 years; Rental: 55 years	Ownership and Rental Affordability is no less than 30 years.

MEASURE HO-C PROGRAM RECOMMENDATIONS

The Consultant Team is recommends the following guidelines using Measure HO-C of the El Dorado County Housing Element to develop a program that will assist in the development of affordable housing throughout the County.

A. The Consultant Team recommended limiting the application of the ordinance to developments exceeding 10 or more units.

B. Developers will be required to submit an Affordable Housing Plan that will include at least one of the following options:

- Second Units. For every five single-family units built one affordable second unit will be required.
- Land Dedication. Enough land to yield a number of dwelling units equivalent to 20 percent of the total market rate units in the proposed subdivision (but in no case less than three buildable acres).
- Fee Option. Pay a fee per affordable unit required, as determined by the Board of Supervisors.
- On/Offsite Construction. Developers can build the number of dwelling units equivalent to 25 percent of the total market rate units in the proposed subdivision.

C. The Project Team recommends the following design and building requirements:

- Affordable units shall be dispersed throughout projects unless otherwise approved by the County.
- Affordable units shall be constructed with identical exterior materials and an exterior architectural design that is consistent with the market rate units in a project.
- Depending on the geographic location in the County, the affordable units may be of smaller size than the market units in a project. In addition, affordable units may have fewer interior amenities than the market rate units in a project. However, the county may require that affordable units meet certain minimum standards. These standards shall be set forth in an Affordable Housing Agreement for the project.

D. The Project Team recommends all affordable units in a project shall be constructed concurrently within or prior to the construction of the project's market rate units.

E. The Project Team recommends that all developers building 10 or more units be required to provide affordable housing in one of the following ways:

- Provide deed restricted second units;
- Dedicate land;

- Pay a fee; or
- Build affordable housing units off-site

F. Developer incentives

The following developer incentives will be offered on a project by project basis:

- Density Bonus: Density Bonuses of at least 25 percent and an additional incentive or financially equivalent incentive will be granted to developers.

- Fee Waiver or Deferral: The Board of Supervisors, by resolution, may waive or defer payment of county development impact fees and/or building permit fees applicable to the affordable units or the project of which they are a part. Fee waivers shall meet the County's criteria for evaluating waivers of county fees for affordable housing projects.

- TIM Fee Offset: Affordable housing projects that meet certain requirements will be eligible for a TIM fee offset.

- Design Modifications: The granting of design modifications relative to the production of affordable units shall require the approval of the Board of Supervisors and shall meet all applicable zoning requirements of the County. Typical design standards may include the following: reduced setbacks, reduction in infrastructure requirements, reduced open space requirements, reduced landscaping requirements, reduced interior or exterior amenities, reduction in parking requirements, height restriction waivers

- Priority Processing: After receiving its discretionary approvals, a project that provides affordable units may be entitled to priority processing of building and engineering approval subject to the approval of the Development Services Director. A project that is eligible for priority processing shall be assigned to county engineering and/or building staff and processed in advance of all non-priority items.

- Credit Transfers: In the event a project exceeds the total number of affordable units required, the project owner may request affordable unit credits which may be used to meet the affordable housing requirements of another project. Affordable unit credits are issued to and become the possession of the project owner and may not be transferred to another project owner without approval by the Board of Supervisors. The number of affordable unit credits awarded for any project is subject to approval by the Board of Supervisors

G. The Consultant Team recommends the following administration and affordability control.

- Affordable units shall remain affordable in perpetuity through recordation of an affordable housing agreement or other term as established by the Board of Supervisors.

- Each development should have an Affordable Housing Agreement that is entered into by the county and the developer. The agreement will outline how the developer will comply with the affordable housing requirements. It will also include any incentives the developer chooses to utilize, the affordable rent/sale prices, resale requirements, occupancy requirements, eligibility requirements, alternatives proposed by the developer, and administrative process to monitor compliance.

- Duration of affordability on rental affordable units is a minimum of 30 years.

- Resale restriction term that requires units to be sold at same price as initially sold until the end of this term

- Resale recapture of funds can be established by the Board of Supervisors at a later date.

- Occupancy requirements must be principal home of resident, annual income certifications must monitor income of occupant. If occupant's income increases, they must either leave the units, or pay the market rate as long as another unit becomes available to an income qualified occupant.

CONSULTANT'S RECOMMENDATIONS IN COMPLIANCE WITH HOUSING ELEMENT MEASURE HO-C

The following four recommendations, in order of priority, from the Consultant Team will enable the County to provide affordable housing in the near term.

Recommendation 1: Second Dwelling Units

Developers can meet their affordable housing requirement through producing a certain amount of accessory dwelling units. The County will need to revise development standards and fees to accelerate the production of this housing type.

Accessory Dwellings: A developer may construct accessory dwellings (also known as secondary units or "granny flats") on site of the development project to meet the affordable housing requirement. The lots upon which the accessory dwellings are constructed shall be deed restricted to provide that the units, if rented, shall be restricted to very low- or low-income households at affordable rents consistent with the provisions below.

- For every five single-family homes constructed one affordable second unit will be required.

Recommendation 2: Land Dedication

Developers can dedicate land that will be given to the County (possibly through a land bank or other third party administrator such as a Community Land Trust). The land is deeded to the County which then deeds it to a community-based nonprofit on a competitive basis, or is deeded directly by the developer to a non-profit organization.

The County shall determine that a site is suitable for dedication and shall require dedication of that site if the land proposed meets the following criteria:

- Enough land to yield a number of dwelling units equivalent to 20 percent of the total market rate units in the proposed subdivision.

- The site is zoned in a manner to accommodate the required number of dwelling units and is located in close proximity to the following amenities:
  - An existing or planned public elementary, middle, or high school;
  - An existing or planned public park or recreational facility;
  - An existing or planned transit stop;
  - An existing or planned grocery store or commercial center of at least ten (10) acres;
  - An existing or planned public library or other public facility
- The site is sufficient in size to contribute at least three net buildable acres combined with any additional acreage the developer has agreed to sell or donate but no more than ten (10) net acres in any one location; and
- The site is feasible to develop considering environmental constraints.

Recommendation 3: Fee Program

Developers can pay a fee per unit that will be placed into an affordable housing trust fund that is then used to support development of affordable housing. The fee is used to build housing elsewhere or to subsidize the purchase of housing by community members. There are many formulas for an in-lieu fee, some of which set the fee at only a few thousand dollars, others that set the fee at the full value of the foregone affordable units, and still others that set the fee at the cost of assisting a family through an alternative program.

The Project Team recommends the following Fee Program:

Collection, Use and Administration of Fees

The Affordable Housing Fee shall be collected, used, and administered as described in items (a) through (c) below

The Affordable Housing Fee shall be paid by the property owner to the County at the time of the issuance of a building permit.

a) Monies collected through the Affordable Housing Fee are limited to the following uses: 1) hard and soft costs associated with the development of new residential construction that is created as housing affordable to very low- and low-income households and 2) a homebuyer assistance program for lower income households, limited to assisting with the purchase of units constructed during the RHNA planning period,

b) The establishment of the proportion of fee acquired set-aside for administrative expenses is necessary. Three (3) percent of the total Affordable Housing Fee collected is reserved for administrative expenses. Administrative expenses include but are not limited to costs associated with: making of grants and loans to developers of low income housing, developing guidelines for programs assisted with this fee, implementing and monitoring assistance provided through this fee, marketing programs and assistance provided through this fee, accounting for the fee revenues, and updated the fee program.

c) An annual inflationary fee adjustment is necessary to keep pace with inflation. In January of each calendar year, commencing on January 1, 2008, or another date as determined by the County, the Affordable Housing Fee will be adjusted based on County policy.

Calculating the fee:

Pay a fee per affordable units based on future nexus study and the Board of Supervisors approval.

Recommendation 4: On/Offsite Construction

Developers can build their affordable housing units on or off-site, as long as they don't result in a concentration of low-income housing, the affordable housing agreement stipulates the terms of the off-site units, and they must be built at the same time. Developers will be required to build the number of dwelling units equivalent to 25 percent of the total market rate units in the proposed subdivision.

The primary emphasis of this affordable housing program is to achieve the inclusion of affordable housing units to be constructed in conjunction with market rate units within the same project in all new residential projects. However, the county acknowledges that it may not always be practical to require that every project satisfy its affordable housing requirement through the construction of affordable units within the project itself. Therefore, the affordable housing requirements may be satisfied by producing units off-site.

On/Off-Site Projects: Affordable units required may be permitted to be constructed within a project or at a location within the county other than the project site. Affordable units must meet the following criteria:

- The on/off-site affordable units must be determined to be consistent with the county's goal of creating, preserving, maintaining, and protecting housing for very low, low-income households.
- The on/off-site affordable units must not result in a significant concentration of lower-income units in any one particular neighborhood.
- The on/off-site affordable units shall conform to the requirements of all applicable county ordinances.
- The affordable housing agreement shall stipulate the terms of the affordable units. If the construction does not take place at the same time as project development, the agreement shall require the units to be produced within a specified time frame, but in no event longer than five (5) years. A cash deposit or bond may be required by the county, refundable upon construction, as assurance that the units will be built.