



**COUNTY OF EL DORADO, CALIFORNIA
BOARD OF SUPERVISORS POLICY**

| | | |
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| Subject: TRAFFIC IMPACT MITIGATION (TIM) FEE OFFSET PROGRAM FOR DEVELOPMENTS WITH AFFORDABLE HOUSING UNITS | Policy Number | Page Number: Page 1 of 5 |
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BACKGROUND:

A goal of the El Dorado County General Plan is to provide housing incentives through programs which assist developers in providing affordable housing opportunities while protecting the public health, safety and welfare of citizens. The Board of Supervisors has established a specific goal of studying means to create affordable housing within the County. The Traffic Impact Mitigation fee offset (TIM) is one potential incentive in the process of developing affordable housing in the unincorporated areas of El Dorado County.

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 Traffic Impact Mitigation Fee Program (TIM) includes a provision to allow for an affordable housing TIM fee offset that provides up to a total of \$1.0 million per year of TIM fee offset for qualifying affordable housing development. Currently the Board of Supervisors has authorized \$1.0 million annually to be used to reduce fees for eligible affordable units. Additional offsets over the annual \$1.0 million may be recommended subject to Board of Supervisors' approval. This Fee Offset will be allocated annually among selected, eligible affordable housing projects that apply. The first cycle of the fee offset requests will be processed in December. This allocation is only for the affordable units in a project. The TIM Fee offset program is not a cash subsidy to developers.

DEFINITIONS:

Very Low-Income Households: A very low-income household is one with all 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 all 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.



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Moderate-Income Households: A moderate-income household is one with all 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 incomes of all household members.

Household Size: Means the total number of people living in a single legal 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 monthly income limit for very low- and low- income households in El Dorado County.

Affordable Ownership Housing: Affordable homeownership housing serves both families and individuals with annual 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 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 within 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 and/or multi-family rental units that are income-restricted for purchase or rent by very low-, low-, or moderate-income households for a term of at least twenty (20) years through an Affordable Housing Agreement and that are located within a project that sets aside at least twenty (20) percent of its units for purchase or rent. Deed Restricted for-sale units are further secured through a Buyer's Occupancy and Resale Restriction Agreement.



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POLICY:

Residential developers who are developing 5 or more units with housing for very low-, low-, and moderate-income households in the unincorporated areas of El Dorado County are eligible to apply for an offset of their TIM fees. Currently, the Board of Supervisors has authorized \$1.0 million annually to be used to offset fees for eligible affordable units. Funds will be allocated annually for use among selected eligible affordable housing projects. The fee offset requests will be considered twice each year from January 20 through February 28 and July 30 through August 28.

1. TIM fee offset allocations are provided in order to assist very low-, low-, and moderate-income households to afford ownership or rental housing in the unincorporated areas of El Dorado County. The definitions of those income levels are based on standard affordable housing industry practices as established by the U.S. Department of Housing and Urban Development (HUD).
2. Developments of more than five (5) units, where at least twenty (20) percent of the units will be affordable to very low-, low-, or moderate-income households, are allowed to apply for TIM fee offsets based on the percentage of units designated affordable. **Only the income restricted units are eligible for TIM fee offset.**
3. Table 1 includes a fee schedule for the potential offset an applicant may receive based on the income affordability level of the units that are being provided in each project. For example, if a developer provides very low-income units in a subdivision they may receive a one hundred (100) percent TIM fee offset for every very low-income unit they produce up to the maximum credit granted to a project.

| Table 1 TIM Fee Offset | | | |
|-----------------------------------|-----------------|------------|-----------------|
| Applies to Ownership 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 | | | |



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| Affordability Level | Very Low | Low | Moderate |
| 20 years (minimum) | 100% | 75% | 25% |

4. New residential developments of five (5) or more units or existing homeowners building a second unit that provide legal and deed restricted affordable secondary or accessory dwelling units that do not exceed 1,200 square feet or if attached thirty (30) percent of the primary units and where one (1) of the units on a parcel are occupied by an owner-occupant, may be eligible for up to a one hundred (100) percent offset of TIM fees.
5. Table 2 applies to the amount of offset an applicant can receive based on the length of affordability:

| Table 2 Second Units | | | |
|--|-----------------|-------------------------|-----------------|
| Existing Homeowner building a 2nd Unit | | New Construction | |
| 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% | | |

The developer must show that the project can receive all necessary approvals to begin construction within two (2) years of the TIM fee offsets approval.

PROCEDURE:

1. The Advisory Committee, as defined in the TIM Fee Offset Program Procedure Manual, shall recommend the allocation of TIM fee offsets up to the amount available in the fund. Upon recommendation of the Advisory Committee and with Board of Supervisors approval total funds in excess of the annual balance may be awarded. However, at the sole discretion of the Board of Supervisors, the County reserves the right to not allocate all of the TIM funds available in a given year. Any balance remaining at the end of a fiscal year shall be carried forward to be added to the new \$1.0 million allocation for the next fiscal year. It is the desire of the County to fund the



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most effective projects as possible in a given year in order to most effectively address affordable housing needs.

2. The Advisory Committee shall forward recommendations to the Chief Administrative Officer (CAO). The CAO will provide a recommendation to the Board of Supervisors that includes a total TIM fee offset funding allocation for each residential project application for which offsets are recommended.
3. The Board of Supervisors will award tentative approval of the TIM Fee offset in early summer and late winter of each year. 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 for projects that fail to proceed according to program timelines will be withdrawn and the funding will be placed back in the funding pool.
4. Failure to obtain a building permit or other similar permit within two (2) years of the Board's Approval will void the TIM fee offset allocation unless an application for an extension has been granted by the County Administrative Office (CAO) (by recommendation of the Advisory Committee). Extensions can be granted in one (1) year increments but shall not exceed more than three (3) extensions. (Possible reasons for extensions include County, State or Federal issues, i.e. items not controllable by the applicant).

PRIMARY DEPARTMENTS: Human Services Development Services
Chief Administrative Office
Transportation Department
Environmental Management

REFERENCES:

Resolution No. 266-2006: Resolution Adopting the 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program and Adopting New TIM Fee Rates.