



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

Subject: TRAFFIC IMPACT MITIGATION (TIM) FEE OFFSET PROGRAM FOR DEVELOPMENTS WITH AFFORDABLE HOUSING UNITS	Policy Number B-14	Page Number: Page 1 of 6
	Date Adopted: 12/11/2007	Revised Date:

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 (TIM) fee offset 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 TIM Fee Program 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. The Board of Supervisors has authorized \$1.0 million annually, beginning in 2007, 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 2007. 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 total gross income that, at the time of eligibility, does not exceed fifty (50) percent of the median monthly income for El Dorado County, as defined by the U. S. Department of Housing and Urban Development.

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



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

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

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

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

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

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

Deed Restricted: Deed restricted affordable units are single-family units, secondary dwellings, and/or multi-family rental units that are income-restricted for purchase or rent by very low-, low-, or moderate-income households for a specific period of time, secured through an Affordable Housing Agreement. Deed restricted for-sale units are further secured through a Buyer's Occupancy and Resale Restriction Agreement.

Secondary Dwelling: Secondary dwellings may consist of the expansion of an existing single-family dwelling by not more than thirty (30) percent of the floor area to provide an attached second residential unit. This unit shall



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be attached by a common wall to the primary dwelling unit, or attached to a garage by a common wall, which shares a common wall with the primary dwelling. This unit shall be provided with a separate entrance. A secondary dwelling also means the construction of a detached single-family residential unit not to exceed the maximum square feet of enclosed habitable living area as defined in that portion of the El Dorado County Zoning Ordinance defining: Secondary Dwellings.

POLICY:

Residential developers who are developing five (5) or more units, or homeowners building a secondary dwelling, 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 TIM fee offset request for projects of five (5) or more units will be reviewed twice each year in February and August, or as otherwise determined. Requests for a TIM fee offset from homeowners building a secondary dwelling can be reviewed at any time throughout the year.

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).
 - a. Developments of five (5) or more units, where at least twenty (20) percent of the units will be affordable to very-low-, low-, or moderate-income households, are eligible to apply for TIM fee offsets based on the percentage of units designated affordable. **Only the income-restricted units are eligible for a TIM fee offset.**
 - b. Table 1 includes a fee schedule for the potential TIM fee offset an applicant may receive based on the income affordability level of the units that are being provided in each project. For example, if a developer provides at least twenty (20) percent of the units as very-low-income units in a



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subdivision, they may receive a one hundred (100) percent TIM fee offset for each very low-income unit they produce, up to the maximum offset 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			
Affordability Level	Very Low	Low	Moderate
20 years (minimum)	100%	75%	25%

2. New residential developments of five (5) or more units or homeowners building a second unit that provide legal and deed restricted affordable secondary units that do not exceed maximum square feet limitations, or second- dwelling units that do not exceed thirty (30) percent of the primary unit's floor area, and where one (1) of the units on a parcel is owner-occupied, may be eligible for up to a one hundred (100) percent offset of TIM fees for the secondary dwelling.
 - a. Table 2 sets forth the percent of the offset an applicant may 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 or homeowner must demonstrate that the project can receive all necessary approvals to begin construction within two (2) years of the TIM fee offset approval.



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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 offsets 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 or any of the TIM fee offset 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 allocation for the next fiscal year. It is the desire of the County to fund the 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 for developments with five (5) or more units that include a total TIM fee offset 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 twice each year for developments with five (5) or more units. The Board of Supervisors must make a finding that the project will provide a significant community benefit by providing housing that is affordable to very low-, low- and/or moderate-income households. Offsets for projects that fail to proceed according to program timelines will be withdrawn and the offset amount will be placed back in the offset pool.
4. Homeowners building a secondary dwelling are eligible to complete and submit an application for a TIM fee offset at any time throughout the year when at least one of the units on a parcel is owner-occupied. The CAO may approve or disapprove the request for a TIM fee offset for secondary dwellings in accordance with the provisions set forth in this policy and report said offsets to the Board of Supervisors annually.



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

PRIMARY DEPARTMENTS:

Chief Administrative Office

Community Development Agency

Development Services, Transportation, and Environmental Management Divisions

Chief Administrative Office /Housing, Community and Economic Development Programs

REFERENCES:

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