



## Legislation Details (With Text)

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**Title:** Department of Transportation recommending the Board approve the proposed 2012/2013 10-year residential permit forecast. (Est. Time: 1 Hr.)

**Sponsors:**

**Indexes:**

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**Attachments:** 1. A - 11-12 Approved Forecast 9/25/12, 2. B - Permit Forecast Presentation 9-25-12

Date	Ver.	Action By	Action	Result
9/25/2012	2	Board of Supervisors	Approved	Pass

Department of Transportation recommending the Board approve the proposed 2012/2013 10-year residential permit forecast. (Est. Time: 1 Hr.)

**Fiscal Impact/Change to Net County Cost**

There is no fiscal impact or change to net County Cost associated with this item.

**Background**

The amended General Plan policies passed by voters on November 5, 2008 require the development of a 10-Year Capital Improvement Program (CIP). One of the major funding sources for the CIP is revenue from the Traffic Impact Mitigation (TIM) Fee Program. The majority of the TIM Fee Program's revenue comes from residential building permits. The Department of Transportation's (Department) residential permit forecast process initiates the annual updating cycle for both the CIP and the TIM Fee Program.

The Department uses the residential permit forecast to estimate TIM Fee revenues programmed in the 10-Year CIP. This estimate is important because it may either encourage or discourage private development. Currently, Policy TC-Xf of the 2004 General Plan states that if a road improvement that is impacted by a proposed single family residential subdivision of five or more parcels is in the County's 10-Year CIP, the developer's TIM Fee may be adequate as a fair share payment. If the developer's TIM Fee is not adequate, and the developer is required to construct the roadway, its construction costs may be eligible for reimbursement. For all other discretionary projects (i.e. commercial or multi-family developments), the above rules apply if a road improvement is in the County's 20-Year CIP.

There are consequences of forecasting too high or too low. If the Department's projected estimate is too high, the revenue forecast assumes the capacity to finance additional roadway projects in the 10-Year CIP. The Department may approve development projects conditioned on these additional roadway projects. If the actual permits received are lower than forecasted, the Department may not be able to complete programmed projects. In this case, development projects could be built without the necessary roadway infrastructure, resulting in possible road congestion. Adding additional CIP

projects could also cause a lack of sufficient revenue to repay existing and reimbursement agreements. Conversely, if the estimate is too low, the Department could potentially miss the opportunity to include CIP projects needed in the County. This could impact proposed development, as developers would be required to construct improvements without reimbursement. Due to financial constraints in this scenario, developers may not have the resources to move projects forward.

### **Proposed Forecast Options:**

The “Long Slow Climb” Forecast - On August 23, 2010 the Board approved the “Long Slow Climb” permit forecast scenario. The “long slow climb” forecast was developed by applying the growth rate implied by SACOG’s current household projections between 2008 and 2020, (i.e. a 1.46% growth factor): Starting at a base of 80 permits in 2010; and Capping the maximum number of permits per year at 1,000. This resulted in an overall growth factor of 30% per year in permits and a total of 2,632 permits over 10 years. On December 19, 2011, the Board approved a reduction of the permit forecast for the following 10-Year CIP and TIM Fee Program cycle due to the slow economy. In order to achieve the permit forecast reduction, the Department shifted the approved 10-Year trend line by 2 years (See Attachment A).

Moderate Growth Forecast - The Department received a total of 146 permits during the last fiscal year vs. the projected 67 permits. The permit activity the County saw last year, and is currently seeing, exceeds the approved 10-Year permit forecast. This option provides a consistent growth rate starting from the actual number of permits received during the 2012 fiscal year. As of August 31, the County has received 39 permits, which is already 49% of the projected 80 permits in the proposed 2012/2013 projection (See Attachment A).

Approved Tentative Map Forecast - The Department has discussed estimates of permit projections as they relate to the approved Tentative Maps with the development community. These Tentative Maps are currently all in Zone 8 (El Dorado Hills) and include Serrano, Promontory, Ridgeview, Carson Creek, and West Valley Village. Based on estimates received for these developments, it is anticipated that the County may see approximately 500 permits for a five year period starting in the 2014/2015 fiscal year. After the five year period, the permit activity may decline.

The Department is currently reviewing several other subdivision tentative maps which can be reviewed during the next permit forecast update. The projects currently under staff review include: 1) TIM Fee Zone 8: Phase 2 of Carson Creek, Dixon Ranch, West Side, and Marble Valley, Wilson Estates; and 2) TIM Fee Zone 1-7: Stonehenge Springs, Oak Highlands, McCann Subdivision, Diamond Dorado Subdivision, San Stino, Mercer/Durock Condos, Springvale Oaks Subdivision, and Tilden Park

The Department held a public workshop on September 5, 2012 to solicit input on the permit forecast information. No comments have been received.

### **Reason for Recommendation:**

Staff recommends the continuation of the approved 2011/2012 10-Year permit forecast (the “long, slow climb”) based on the following factors: slow recovery of the housing market; higher cost of homes; not much new construction; associated low building permit activity; economic uncertainty due to the upcoming election; and keeps cash on hand available to repay current and prior obligations.

### **Action to be taken following Board Approval:**

The Department will prepare the 2013 CIP using the approved permit forecast as a component of the

overall revenue forecast to program Capital Improvement Projects.

**Contact**

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