



Legislation Text

File #: 13-1453, **Version:** 1

Community Development Agency, Long Range Planning Division, recommending the Board approve the proposed 2013/2014 10-year residential permit forecast. (Est. Time: 15 Min.)

Fiscal Impact/Change to Net County Cost

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

Background

General Plan Policy TC-Xb and Implementation Measures TC-A and TC-B require the annual update of the Capital Improvement Program (CIP), specifying expenditures for roadway improvements within the next ten years. A major update is also specified by the General Plan Policies and Implementation Measures every five years, in line with the major review of the General Plan, specifying expenditures for roadway improvements within the next twenty years. The Long Range Planning Division (Division) had anticipated moving forward with the major update of the CIP in the 2013/2014 Fiscal Year. However, as the updated 20-Year forecast through 2035 has not been adopted, the Division is moving forward with the annual update.

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 Division's residential permit forecast process initiates the annual updating cycle for both the CIP and the TIM Fee Program.

The Division uses the residential permit forecast to estimate TIM Fee revenues programmed in the 10-Year CIP. The forecast is based on the original 20-year growth projection through 2025 developed by Economic and Planning Systems, Inc. (EPS) as part of the General Plan adoption. General Plan policies require that the forecast is evaluated annually for the minor updates of the CIP program. To date, the market has shown that the residential permit activity has not increased as originally anticipated in the EPS report, and has been growing at a slower rate.

There are consequences of forecasting too high or too low. If the projected estimate is too high, the revenue forecast assumes the capacity to finance additional roadway projects in the 10-Year CIP. Including 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 County could potentially miss the opportunity to include CIP projects needed in the County.

The County received a total of 252 permits during the Fiscal Year 2012/2013, which exceeded the forecasted 80 permits. The permit activity the County saw last year, and is currently seeing, exceeds the approved 10-Year permit forecast. Three options are provided below (and depicted in Attachment A) to determine which growth trend the County will use in the minor update of the 2013/2014 CIP. Attachments B and C provide residential permits and revenue for the last three Fiscal Years.

Proposed Forecast Options:

"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 the Sacramento Area Council of Government’s current household projections between 2008 and 2020.

This methodology currently results in a total of 104 residential building permits for the 2013/2014 Fiscal Year, and a total of 4,431 permits over the next ten years. This forecast is lower than the original growth projection developed for the adopted 2004 General Plan. On September 25, 2012, the Board approved the staff recommendation of the continuation of the “Long Slow Climb” forecast.

As of October 31, the County has received 91 permits, which is already 88% of the projected 104 permit threshold in the “Long Slow Climb” scenario. This is the most conservative option. The County may want to continue its conservative approach until the new projection is adopted and the major 5-Year CIP takes place.

Moderate Growth Forecast - This option also provides a conservative forecast for the next 10 years. This option provides a consistent growth rate, starting from the actual number of permits received during the 2012/2013 Fiscal Year. The growth through the remaining 2025 forecast assumes a 15% growth rate through Fiscal Year 2023/2024. The moderate forecast projection appears to be more consistent with the actual number of permits received to date (about a third of the way into the 2013/2014 Fiscal Year). If the Moderate Growth Forecast is adopted, the County will have received 31% of the anticipated 290 permits to date.

Approved Tentative Map Forecast - The Division has discussed estimates of permit projections as they relate to the approved Tentative Maps in 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 an average of approximately 500 permits for a 5-Year period starting in the 2014/2015 Fiscal Year. After the 5-Year period, the permit activity may decline.

The Division 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:

- TIM Fee Zone 8: Phase 2 of Carson Creek, Dixon Ranch, the Village of Marble Valley, Lime Rock, and Central El Dorado Hills.
- TIM Fee Zone 1-7: Stonehenge Springs, McCann Subdivision, Diamond Dorado Subdivision, San Stino, Mercer/Durock Condos, Springvale Oaks Subdivision, and Tilden Park

Reason for Recommendation:

Staff recommends the continuation of the approved 2012/2013 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
- Goal to keep cash on hand available to repay current and prior obligations
- Potential revised growth trend during major CIP update.

The Division has received 91 permit applications vs. the proposed 104 permits forecasted between July 1, 2013 and October 31, 2013 (i.e., 33.3% of the current Fiscal Year). This is already 88% of the forecast for the Fiscal Year. Based on the factors detailed above, the Division recommends adoption of the conservative forecast as presented within the 10-year Residential Permit Forecast table, which continues the “Long Slow Climb” pattern. Staff recommends continuation of the conservative approach until the County completes the 20-year growth forecast. Staff anticipates presenting information in February or March 2014, to provide the Board an opportunity to revisit growth trends used in development of the CIP and TIM Fee programs.

Action to be taken following Board Approval:

The Division will prepare the 2014 CIP using the approved permit forecast as a component of the overall revenue forecast to program capital improvement projects.

Contact:

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