

Affordable and Employee Housing Accommodation Ordinance and Fee

Board of Supervisors

October 6, 2020



Purpose of today's hearing

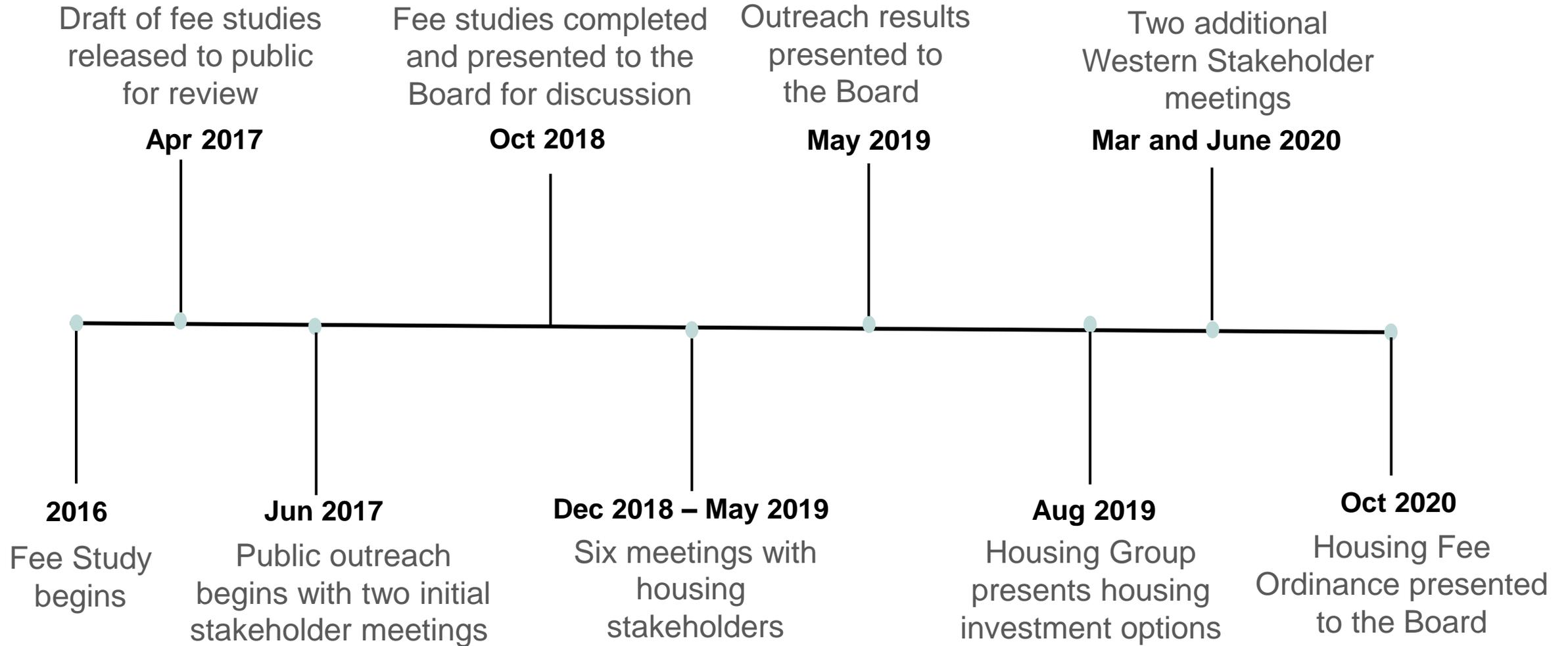
Staff requesting the Board approve the following action items:

1. Conduct a public hearing to introduce and waive oral reading of an affordable housing ordinance repealing and replacing Placer County Code Section 15.65 (Affordable Housing) in order to implement the Affordable Housing and Employee Accommodation Fee Program ordinance with an inclusionary housing requirement.
2. Adopt a resolution approving the nexus studies for Affordable Housing and Employee Accommodation Fees, fee schedules, and other related requirements.
3. Find the aforementioned action exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15061(b)(3) and 15378(b)(4).

Background

- County's Housing Element Policies B-14 and C-2 allow for certain projects with an affordable or employee housing obligation the option to pay a fee in lieu of constructing affordable housing requirement.
- However, no fee has been established, resulting in fees being determined on a case by case basis.
- To remedy this, the County engaged consultants in 2015 to conduct an eastern and western Workforce Housing Fee Study to determine the maximum justifiable fee that could be adopted as an impact or in-lieu fee.

Timeline



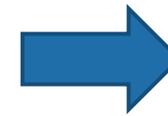
Key stakeholders input considered

- Stakeholder meetings throughout this process allowed for a variety of community members and local professionals countywide to provide their input on this proposed ordinance.
- October 9, 2018 - Board directed staff to form a housing stakeholder group to explore solutions on achieving development of affordable housing
- The stakeholder list includes but is not limited to:
 - Building Industry
 - Community Foundation
 - Contractors
 - Lenders
 - Realtors
 - Commercial brokers
 - Affordable housing developers
 - Business advocates
 - Homeless advocates

Fee Study Result

Affordable Housing Fee Study Result

	Western Placer Fee Study Maximum Justifiable Fee (psf)
Market Rate Residential	\$5.95



Eastern Placer Fee Study

While the methodology used to calculate fees for the eastern portion of the County was the same, the fee structure was based on valuation and home sale prices because of the different type of housing product types, and the costs to develop those units.

Employee Accommodation Fee Study Result

	Placer Fee Study Maximum Justifiable Fee (psf)	
	West	East
Restaurants/Bars	\$5.11	\$184
Office	\$4.27	\$61
General Commercial	\$5.11	\$47
Industrial / Flex	\$2.01	\$45
Warehouse	\$1.81	\$45
Hotel/Motel (per room)	n/a	\$11,700

Fee Study Considered Three Options

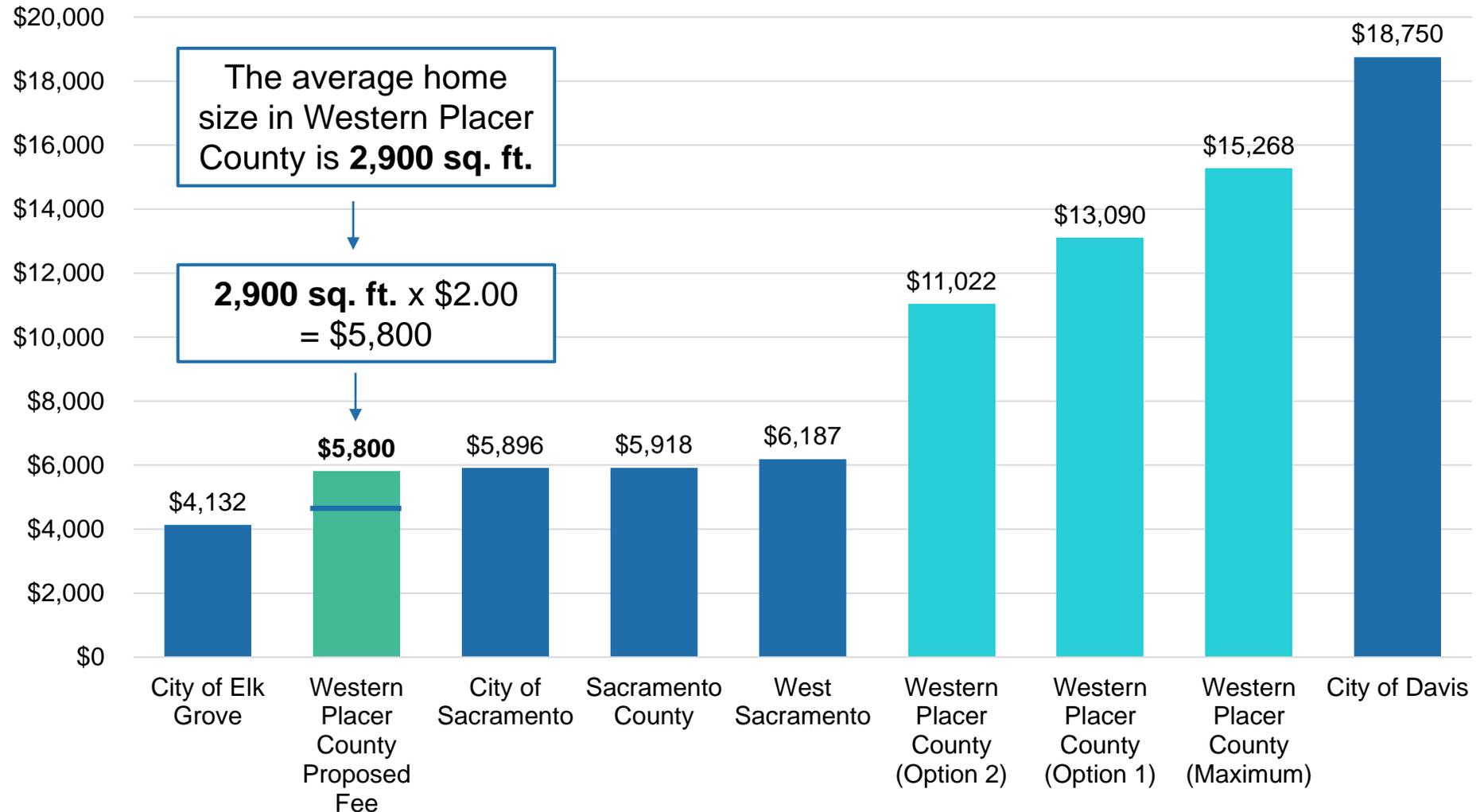
Option 1: Maximum fee including for sale and rental affordable housing and employee accommodation requirement.

Option 2: Residential & Commercial - include only rental housing in fee calculation (no ownership units. This methodology is used by other jurisdictions regionally, such as Sacramento County.

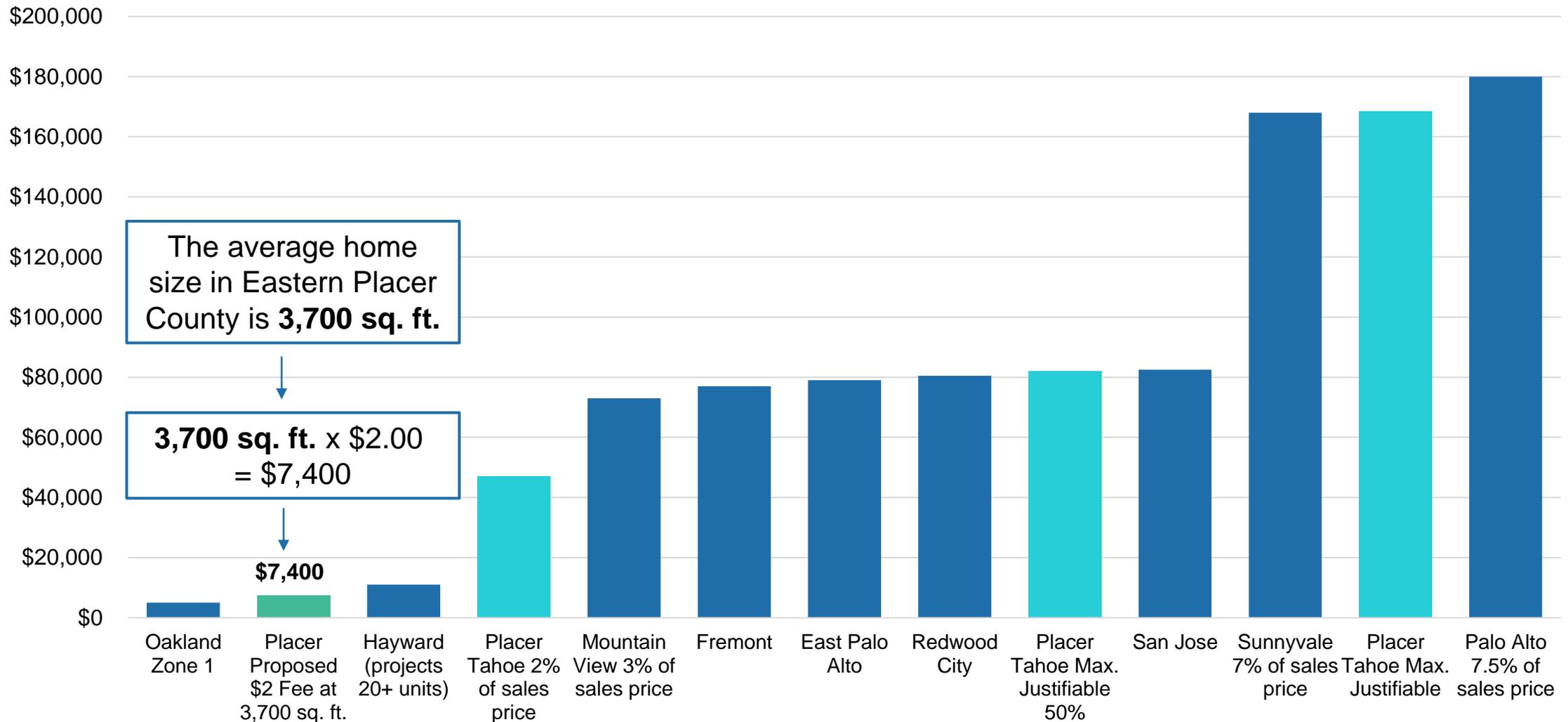
Option 3: Board of Supervisors adopts lower fees at a percentage of the maximum justifiable fees.

Comparison of Regional Affordable Housing Fees (Residential) for a Market Rate Unit

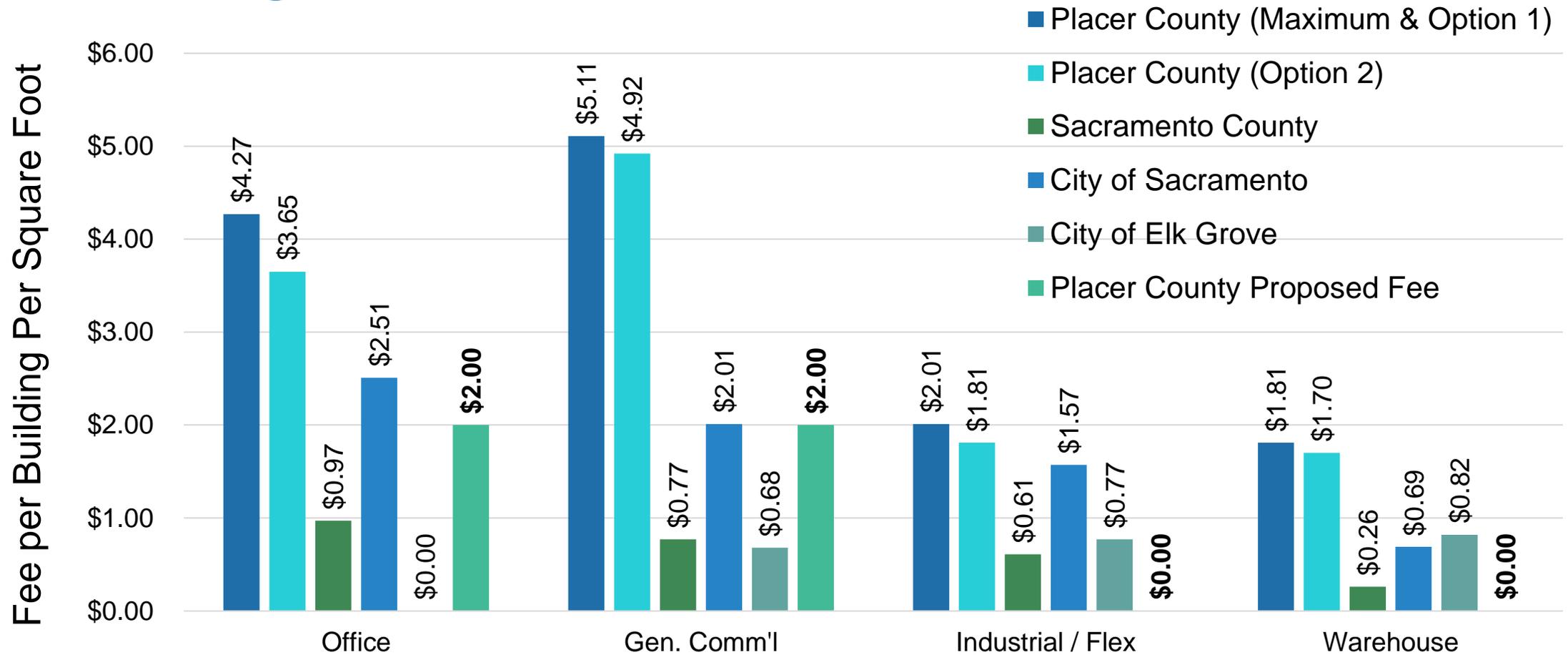
- Elk Grove's fee is an impact fee; all others are in-lieu
- Davis charges \$75,000 per affordable housing unit not built; with a 25% inclusionary requirement, this equates to \$18,750 per market rate unit



Fee Comparison for Single Family for Eastern Placer



Comparison of Regional Affordable Housing Fees



*Note that **Industrial** and **Warehouse** developments are exempt from the proposed fee

What a housing fee could be used for

- Support for construction of additional affordable housing development
- Buying down affordability levels in developments
- Preservation of at-risk units through the deed restriction program
- First time homebuyer assistance
- Detached deed restricted Accessory Dwelling Units
- Acquisition and rehabilitation of multifamily rental properties

What the proposed ordinance would do

- Repeal and reenact Placer County Code Section 15.65 to establish
 - An in-lieu fee on both residential and non-residential development for nonexempt commercial and industrial developments; as well as residential development between 8 and 100 units
 - A requirement to provide 10% affordable housing for developments of 100 or more units not subject to a Development Agreement
- The fee would be **\$2.00 per square foot** of net building area for both residential and non-residential development
 - Fee would be tied to the Building Cost Index to be adjusted annually
 - Fee must be paid prior to building permit issuance

Ordinance applies to

- All residential, residential mixed-use, and nonresidential development project unless noted as exempt
- New residential development
 - Developing 8 to 100 units has affordable housing requirement and may pay Affordable Housing Fee
 - Developments of 100 or more units shall provide 10% of their units as affordable
- New non-residential development
Employee Accommodation Fee shall be paid prior to building permit issuance

Ordinance project exemptions

- Public projects, affordable housing projects,
- Dormitories, fraternity/sorority houses, boarding housing, and live/work units
- Development of an infill site, and Warehouse or Industrial developments such as in the Sunset Area
- Located within a “Transit Priority Area”
- Homeless shelters, care homes, SROs, health or childcare facilities, and mobile home parks
- Rehabilitation of existing residence or conversion of nonresidential to residential
- All residential full-time occupancy projects seven (7) units or less or units are majority of the units are less than 1,600 sq. ft. in size.
- Accessory Dwelling Units and Deed Restricted Affordable Housing

Examples of how the fee would work

New Residential Construction

Number of Units	30
Size of Unit	2,800 square feet
Total Square Footage	$30 \times 2,800 = 84,000$
Fee Assessed	$84,000 \times \$2.00 = \$168,000$

New Commercial Construction

Size of Development	150,000 square feet
Fee Assessed	$150,000 \times \$2.00 = \$300,000$

A new project consisting of:

150 Residential Units	No Affordable Housing Fee since project is over 100 units. Must set aside 10% of units as affordable
25,000 square feet of office / flex space	Subject to Employee Accommodation Fee of \$2.00 per square foot. $25,000 \times \\$2.00 = \\$50,000$
15 mixed use units above 20,000 square feet of commercial	Exempt from fee

Next Steps if Ordinance is Approved

- Staff to return to the Board within 120 days with proposed update to Housing Trust Fund Guidelines.
- Initiate Fund Management Agreements with private trust(s)
- Establish Affordable Housing Advisory Committee to assist with housing project development and priority.

Board of Supervisors Actions Requested

Approve the following items

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