

IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

_____ day _____, 20__

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

RESOLUTION TO ADOPT ADJUSTMENTS TO THE IN-LIEU FEE SCHEDULE
AND HOUSING IMPACT FEE SCHEDULE OF
TITLE 29 – AFFORDABLE HOUSING FUND

The following resolution is hereby offered and read:

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3171 – Title 29 – Affordable Housing Fund, thereby establishing the in-lieu fee, the housing impact fee and the Affordable Housing Fund and also establishing the authority for collecting, depositing and disbursing the in-lieu fee and housing impact fee; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3169 – Land Use Ordinance Section 22.12.080: Inclusionary Housing, and Ordinance No. 3170 – Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing , thereby creating and establishing the authority for imposing and collecting the in-lieu fee and housing impact fee; and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and Annual Adjustment of Fee Schedules directs the County to consider updating the in-

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lieu fee and housing impact fees every five years to reflect any changes in the funding gaps for very low, low, moderate income and workforce households; and

WHEREAS, in October, 2012, the Vernazza Wolfe Associates, Inc. prepared two nexus studies for the County that are entitled “Residential Housing Impact Fee Nexus Study” and “Updated Commercial Linkage Fee Nexus Study” (hereinafter referred to as the “Nexus Studies”); and

WHEREAS, the Nexus Studies documented the volume of new construction in the unincorporated areas of the County, the increase in the service population needed to support the new homes and businesses, and the affordability gap between current housing prices and what the support population can afford; and

WHEREAS, the Nexus Studies evaluated the existing in-lieu and housing impact fee formulas, provided the economic analyses required to update the in-lieu and housing impact fees, and recommended updated fee schedules for the in-lieu and housing impact fees; and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and Annual Adjustment of Fee Schedules also directs the County to consider updating the in-lieu fee and housing impact fees every year to reflect construction cost changes, it is not necessary to consider construction cost changes at this time because the Nexus Studies are based on current construction costs; and

WHEREAS, on December 6, 2011, the Board of Supervisors of the County of San Luis Obispo adopted Resolution No. 2011-388, which established the current edition of the Title 29 fee schedules (for fiscal year 2012/2013); and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has determined that the current Title 29 fee schedules (for fiscal year 2012/2013) shall be

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adjusted to reflect the Nexus Studies' recommended update of the in-lieu and housing impact fee schedules, and specifically that the fee amounts in Table 29.1 – Residential Development – In-Lieu Fee Schedule and Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule shall be adjusted to reflect the Nexus Studies' recommendations; and

WHEREAS; the updated Title 29 fee schedules shall effective for the coming fiscal year 2013/2014, starting on July 1, 2013; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has also determined that the County shall remain at "Year 1" of the five-year phase-in schedule described in Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules, so that during fiscal year 2013/2014 the County shall collect 20% of the full fee amount (the full five year fee amount) shown in the adjusted Table 29.1 – Residential Development – In-Lieu Fee Schedule and in Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule, which have been adjusted to reflect the Nexus Studies' recommendations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of San Luis Obispo, State of California, that:

1. **Purpose.** This resolution is adopted for the purpose of adjusting the amount of in-lieu fee and housing impact fee to be imposed, charged and collected for fiscal year 2013/2014, in accordance with Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules. The said fee adjustments shall reflect the recommended update of the Title 29 fee schedules, as set forth in the "Residential Housing Impact Fee Nexus Study" and the "Updated Commercial Linkage Fee Nexus Study" that were prepared for the County by

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Vernazza Wolfe Associates, Inc. and dated October, 2012. This resolution is also adopted for the purpose of authorizing the continued practice of imposing and collecting the in-lieu fee and housing impact fee, as supported by the Nexus Studies and in conformance with this resolution, with Title 29 – Affordable Housing Fund, with Land Use Ordinance Section 22.12.080: Inclusionary Housing, and with Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing.

2. Amount of Fee. The current fiscal year 2012/2013 in-lieu and housing impact fee schedules in Title 29 – Affordable Housing Fund, shall be adjusted as follows:

- a. The fee amounts shown in Title 29, specifically in Table 29.1 – Residential Development – In-Lieu Fee Schedule, and in Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule, shall be adjusted to reflect the recommended fee schedule updates set forth in the “Residential Housing Impact Fee Nexus Study” and the “Updated Commercial Linkage Fee Nexus Study” that were prepared by Vernazza Wolfe Associates, Inc. and submitted to the County in October, 2012 (“the Nexus Studies”).
- b. The attached Exhibit “A” and Exhibit “B” show the adjusted fee schedules, which reflect the recommended update of the Title 29 fee schedules, as set forth in the in the Nexus Studies. Title 29 is hereby amended to remove the existing Table 29.1 (FY 2012/2013) and Table 29.2 (FY 2012/2013), and to replace them with Table 29.1 (FY 2013/2014) and Table 29.2 (FY 2013/2014), respectively.

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- c. The County shall remain at “Year 1” of the five-year phase-in schedule described in Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules. During fiscal year 2013/2014 the County shall collect 20% of the full fee amount (the full five year fee amount) shown in Table 29.1 (FY 2013/2014) – Residential Development – In-Lieu Fee Schedule and in Table 29.2 (FY 2013/2014) – Nonresidential Development – Housing Impact Fee Schedule. The attached Exhibit “C” shows highlighting of the “Year 1” column in Table 29.3 (FY 2013/2014) and Table 29.4 (FY 2013/2014). Exhibit “C” also shows that the fee amounts of Table 29.4 (FY 2013/2014) have been adjusted to reflect the recommended update of the Title 29 fee schedules, as set forth in the Nexus Studies. Title 29 is hereby amended to remove the existing Table 29.3 (FY 2012/2013) and Table 29.4 (FY 2012/2013), and to replace them with Table 29.3 (FY 2013/2014) and Table 29.4 (FY 2013/2014), respectively.

3. Time of Fee Payment. The in-lieu fee and housing impact fee established for FY 2013/2014 by the County and by Title 29 – Affordable Housing Fund shall be paid at the time of land use permit approval, construction permit issuance or subdivision map recordation, or may be deferred until the date of final permit approval, in accordance with the provisions of Title 29 – Affordable Housing Fund, Land Use Ordinance Section 22.12.080: Inclusionary Housing, Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing, and Government Code Section 66007, subdivision (b).

4. **Fees Accounts.** An Affordable Housing Fund with individual accounts for the in-lieu fee and the housing impact fee has been established pursuant to Ordinance 3171 – Title 29 – Affordable Housing Fund. The moneys in the said fund and accounts are being appropriated and applied in accordance with the requirements, standards and policies of Title 29 – Affordable Housing Fund and of the County of San Luis Obispo Housing Element. All allocations and expenditures of the said fund and fee accounts shall be done in accordance with the Affordable Housing Fund Action Plan, an annual action plan that is prepared pursuant to Title 29 Section 29.05.020 and that is adopted by the Board of Supervisors of County of San Luis Obispo.

5. **Use of Fees.** The in-lieu fee and housing impact fee shall be used solely to construct, rehabilitate or subsidize very low, low, moderate income and workforce housing, and/or to assist government entities, private organizations or individual in the construction, rehabilitation or subsidy of very low, low, moderate income and workforce housing, and/or to assist with the provision of rental or owner occupied housing services. All said housing development projects and subsidies and housing services shall be the ones that are identified and described in the Affordable Housing Fund Action Plan.

6. **Nexus Studies.** Studies were completed to establish the reasonable relationship between the Title 29 fee amounts and the cost of affordable housing that is attributable to the development projects on which the fees are imposed. These studies should be updated periodically to reflect changes in the local housing market, construction industry, and the funding gaps for affordable housing. The following studies (hereinafter referred to as the “Nexus Studies”), were prepared for the County by Vernazza Wolfe Associates, Inc.: 1) the “Residential Housing Impact Fee Nexus

Study”, dated October, 2012, and 2) the “Updated Commercial Linkage Fee Nexus Study”, dated October, 2012. The Residential Housing Impact Fee Nexus Study evaluates and quantifies the demand for affordable housing that is caused by new residential development in the County. The Commercial Linkage Fee Nexus Study evaluates and quantifies the demand for affordable housing that is caused by new commercial and industrial development. The Board hereby approves the Nexus Studies and finds that they establish reasonable and justifiable fee schedules that can be imposed on residential and commercial development projects in order to mitigate the impact to the County’s affordable housing stock that is caused by such development projects.

7. Use of Fees. The Board finds that the Nexus Studies establish a reasonable relationship between the use of the in-lieu and housing impact fees and the type of development projects on which the fees are imposed. The in-lieu fee shall be used to produce affordable housing units and mitigate the need for housing that is affordable to the new support population that serves the households and homeowners who live in the newly completed residential development projects in the County. The housing impact fee shall be used to produce affordable housing and mitigate the need for housing that is affordable to the new employees who work in the newly completed commercial and industrial projects in the County.

8. Need for Fees. The Board finds that the Nexus Studies establish a reasonable relationship between the need for affordable housing and the type of development projects on which the in-lieu and housing impact fees are imposed. Residential development in San Luis Obispo County is generating a disproportionate number of dwelling units for above moderate income households, which has created

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an unmet need for affordable housing for the new support population that serves the households in new residential developments. The Nexus Studies establish a reasonable and justifiable in-lieu fee schedule to be imposed on residential development. The Nexus Studies evaluate and quantify the affordable housing needs of the new employees who work in the new commercial and industrial development projects in the County. The Nexus Studies a reasonable and justifiable housing impact fee schedule to be imposed on commercial and industrial development. The Nexus Studies provide reasonable and justified fee schedules that match the cost of producing the affordable housing units needed to serve the new workers and support population who will serve the newly completed residential and commercial projects in the County.

9. **Effective Date.** The in-lieu and housing impact fee schedules for FY 2013/2014, as shown in Exhibits “A” and “B,” shall become effective as of July 1, 2013.

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted.

Chairperson of the Board of Supervisors

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Exhibit "A"

(SUPERSEDED) Table 29.1 (FY 2012/2013) – Residential Development – In-Lieu Fee Schedule

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
Under 900 SF Exempt			
900	\$1,794 \$639	\$8,972 \$3,195	\$44,859 \$15,975
1,000	\$1,994 \$710	\$9,969 \$3,550	\$49,844 \$17,750
1,100	\$2,193 \$781	\$10,965 \$3,905	\$54,827 \$19,525
1,200	\$2,392 \$852	\$11,962 \$4,260	\$59,812 \$21,300
1,300	\$2,592 \$923	\$12,959 \$4,615	\$64,796 \$23,075
1,400	\$2,791 \$994	\$13,956 \$4,970	\$69,781 \$24,850
1,500	\$2,991 \$1,065	\$14,953 \$5,325	\$74,764 \$26,625
1,600	\$3,190 \$1,136	\$15,950 \$5,680	\$79,749 \$28,400
1,700	\$3,389 \$1,207	\$16,947 \$6,035	\$84,733 \$30,175
1,800	\$3,589 \$1,278	\$17,944 \$6,390	\$89,718 \$31,950
1,900	\$3,788 \$1,349	\$18,940 \$6,745	\$94,702 \$33,725
2,000	\$3,987 \$1,420	\$19,937 \$7,100	\$99,686 \$35,500
2,100	\$4,187 \$1,491	\$20,934 \$7,455	\$104,671 \$37,275
2,200	\$4,386 \$1,562	\$21,931 \$7,810	\$109,655 \$39,050
2,300	\$4,586 \$1,633	\$22,928 \$8,165	\$114,639 \$40,825
2,400	\$4,785 \$1,704	\$23,925 \$8,520	\$119,623 \$42,600
2,500	\$4,984 \$1,775	\$24,922 \$8,875	\$124,608 \$44,375
2,600	\$5,184 \$1,846	\$25,919 \$9,230	\$129,593 \$46,150
2,700	\$5,383 \$1,917	\$26,915 \$9,585	\$134,576 \$47,925
2,800	\$5,582 \$1,988	\$27,912 \$9,940	\$139,561 \$49,700
2,900	\$5,782 \$2,059	\$28,909 \$10,295	\$144,545 \$51,475
3,000	\$5,981 \$2,130	\$29,906 \$10,650	\$149,530 \$53,250
3,100	\$6,181 \$2,201	\$30,903 \$11,005	\$154,513 \$55,025
3,200	\$6,380 \$2,272	\$31,900 \$11,360	\$159,498 \$56,800
3,300	\$6,579 \$2,343	\$32,896 \$11,715	\$164,482 \$58,575
3,400	\$6,779 \$2,414	\$33,893 \$12,070	\$169,467 \$60,350
3,500	\$6,978 \$2,485	\$34,890 \$12,425	\$174,451 \$62,125
3,600	\$7,177 \$2,556	\$35,887 \$12,780	\$179,435 \$63,900
3,700	\$7,377 \$2,627	\$36,884 \$13,135	\$184,420 \$65,675
3,800	\$7,576 \$2,698	\$37,881 \$13,490	\$189,404 \$67,450
3,900	\$7,776 \$2,769	\$38,878 \$13,845	\$194,388 \$69,225
4,000	\$7,975 \$2,840	\$39,874 \$14,200	\$199,372 \$71,000

Original Source: San Luis Obispo County Inclusionary Zoning Ordinance Financial Analysis (December 21, 2007) Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

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* FY ~~2012/2013~~ 2013/2014 is Year 1 of the five-year phase-in period for Title 29 fees. During FY ~~2012/2013~~ 2013/2014 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.

**IHU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040. ~~For FY 2012/2013 the fee schedule has been adjusted to include a construction cost increase of 0.8% based on the ENR CCI for San Francisco (Oct. 12, 2011)~~

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Table 29.1 (FY 2013/2014) – Residential Development – In-Lieu Fee Schedule

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
Under 900 SF Exempt			
900	\$639	\$3,195	\$15,975
1,000	\$710	\$3,550	\$17,750
1,100	\$781	\$3,905	\$19,525
1,200	\$852	\$4,260	\$21,300
1,300	\$923	\$4,615	\$23,075
1,400	\$994	\$4,970	\$24,850
1,500	\$1,065	\$5,325	\$26,625
1,600	\$1,136	\$5,680	\$28,400
1,700	\$1,207	\$6,035	\$30,175
1,800	\$1,278	\$6,390	\$31,950
1,900	\$1,349	\$6,745	\$33,725
2,000	\$1,420	\$7,100	\$35,500
2,100	\$1,491	\$7,455	\$37,275
2,200	\$1,562	\$7,810	\$39,050
2,300	\$1,633	\$8,165	\$40,825
2,400	\$1,704	\$8,520	\$42,600
2,500	\$1,775	\$8,875	\$44,375
2,600	\$1,846	\$9,230	\$46,150
2,700	\$1,917	\$9,585	\$47,925
2,800	\$1,988	\$9,940	\$49,700
2,900	\$2,059	\$10,295	\$51,475
3,000	\$2,130	\$10,650	\$53,250
3,100	\$2,201	\$11,005	\$55,025
3,200	\$2,272	\$11,360	\$56,800
3,300	\$2,343	\$11,715	\$58,575
3,400	\$2,414	\$12,070	\$60,350
3,500	\$2,485	\$12,425	\$62,125
3,600	\$2,556	\$12,780	\$63,900
3,700	\$2,627	\$13,135	\$65,675
3,800	\$2,698	\$13,490	\$67,450
3,900	\$2,769	\$13,845	\$69,225
4,000	\$2,840	\$14,200	\$71,000

Original Source: Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

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* FY 2013/2014 is Year 1 of the five-year phase-in period for Title 29 fees. During FY 2013/2014 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.

**IHU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Exhibit “B”

(SUPERSEDED) Table 29.2 (FY 2012/2013) – Nonresidential Development – Housing Impact Fee Schedule

Nonresidential Land Use	-----	Fee per square foot
Commercial/Retail		\$2.22 \$3.24
Commercial Service/Offices		\$2.58 \$2.25
Hotel/Motel		\$2.22 \$3.40
Industrial/Warehouse		\$1.03 \$1.35
Other Non-Residential		\$1.94 \$2.97
Commercial Greenhouses		(incremental increase) \$0.07462 = \$0.07

Original Source: Updated Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County ~~on December 21, 2007~~ in October, 2012.

Note: Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040. ~~For FY 2012/2013 2013/2014 the fee schedule has been adjusted to include a construction cost increase of 0.8% 1.7%, based on the ENR CCI for San Francisco (October, 2011) (October, 2012).~~

Table 29.2 (FY 2013/2014) – Nonresidential Development – Housing Impact Fee Schedule

Nonresidential Land Use	-----	Fee per square foot
Commercial/Retail		\$3.24
Commercial Service/Offices		\$2.25
Hotel/Motel		\$3.40
Industrial/Warehouse		\$1.35
Other Non-Residential		\$2.97
Commercial Greenhouses		\$0.07

Original Source: Updated Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Note: Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

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Exhibit “C”

(SUPERSEDED) Table 29.3 (FY 2012/2013) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

(SUPERSEDED) Table 29.4 (FY 2012/2013) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$4,187 \$1,491	\$8,374 \$2,982	\$12,560 \$4,473	\$16,747 \$5,964	\$20,934 \$7,455
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$4,440 \$6,480	\$8,880 \$12,960	\$13,320 \$19,440	\$17,760 \$25,920	\$22,200 \$32,400

Table 29.3 (FY 2013/2014) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

Table 29.4 (FY 2013/2014) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$1,491	\$2,982	\$4,473	\$5,964	\$7,455
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$6,480	\$12,960	\$19,440	\$25,920	\$32,400