

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: REQUEST FOR FEE WAIVER; NON-PROFIT HOUSING CORPORATION
DATE: OCTOBER 19, 2004

Needs: For the City Council to consider waiving water and sewer connection fee increases and development impact fee increases for a low and very low income senior housing project that is being sponsored by a non-profit corporation and already receiving governmental financial assistance.

Facts:

1. Fees have recently increased for water and sewer connections, and a future increase in development impact fees is also anticipated.
2. Increases in City fees are intended to off-set the costs of infrastructure needed to serve new development.
3. Normally, the Redevelopment Agency can consider allocation of Housing funds to offset the cost of such fees for low-income housing projects. In fact, this project is receiving \$520,000 from the Agency precisely for that purpose.
4. Unfortunately, Health and Safety Code Section 33334.4 limits the amount of Low and Moderate Income Housing (LMIH) Funds that may be spent to assist senior housing. With the approved LMIH assistance to the 40 unit Oak Park Senior Housing Project, the Agency cannot offer additional assistance until the year 2014.
5. As a consequence, the scheduled fee increases are an impediment to providing rental housing that is affordable to “lower income” and “very low income” senior citizens (as defined in California Health and Safety Code Sections 50053, 50079.5, and 50105, respectively).
6. The City’s adopted General Plan (Goal H-3) calls for the City to “Mitigate or remove potential governmental constraints to housing . . . affordability.”
7. The City Council may consider a waiver of increased fees (above and beyond the current fee levels in effect on December 16, 2003) to facilitate the provision of low income affordable senior housing.
8. The request for waiver of increases in fees is from the “Paso Robles Non-Profit Housing Corporation” (attached).

Analysis &

Conclusion: It would normally be an option to consider using Redevelopment Housing set-aside funds to off-set the costs of connection and other fees to true low income housing projects. However, there are State established limitations on the amount of Redevelopment housing set-aside funds that can be used to assist senior housing projects. Since the City / Agency has already committed the maximum amount of assistance to senior housing projects, use of Redevelopment housing set-aside funds is not an option.

The City Attorney has confirmed that it is within the Council’s jurisdiction to waive fee increases that would otherwise apply to low income senior housing projects.

As structured, the fee waiver would apply to fee increases that have been established since the General Plan adoption on December 16, 2003, and does not waive the basic connection fees or other development impact fees in place when the General Plan was adopted. To date, the only increases have been the October 2004 sewer and water connection fees. Within the coming months, it is anticipated that the City Council will also be considering increases to Development Impact Fees which would also be covered by the waiver that is presented as “option a”.

Policy Reference: General Plan Housing Element

Fiscal Impact: Approximately \$220,000 in sewer and water connection fees for the Oak Park Senior project; future undetermined development impact fee amount.

- Options:**
- a.** Consistent with General Plan Goal H-3, that the City Council approve the Resolution No. 04-xx which would waive increases in water and sewer connection fees, along with future increases in development impact fees, applicable to the Paso Robles Nonprofit Housing Corporation project providing housing to “low” and “very low” income senior citizens (based on income categories defined by the Federal Department of Housing and Urban Development). The fee waivers would apply to building permits issued after the General Plan adoption date of December 16, 2003 for this specific project that is sponsored by a non-profit housing corporation that has been approved for Federal, State or local funding design to assist in the construction of affordable housing.
 - b.** Amend, modify, or reject the foregoing option.

PASO ROBLES NONPROFIT HOUSING CORPORATION

Post Office Box 817 Phone (805) 238-4015 FAX (805) 238-4036
Paso Robles, California 93447

President
Mr. Chet Dotter
Members
Mr. Ray Hampson
Mr. Tom Baron
Mr. Dick Willhoit
Mr. John McCarthy

September 30, 2004

Dear Mayor and City Council Members:

The Paso Robles Nonprofit Housing Corporation hereby requests the following: Consistent with General Plan Goal H-3, that the City Council determine to waive increases in water and sewer connection fees, along with increases in development impact fees, applicable to projects providing housing to "low" and "very low" income senior citizens (based on income categories defined by the Federal Department of Housing and Urban Development). The fee waivers would apply to building permits issued after December 16, 2003 for applicable projects that are sponsored by non-profit Housing Corporation and have been approved for federal, state or local funding designed to assist in construction of affordable housing.

The Paso Robles Nonprofit Housing Corporation sincerely appreciates your on going cooperation.

Sincerely yours,



Chet Dotter
President

