

TO: Jim App, City Manager
FROM: Warren Frace, Community Development Director
SUBJECT: Impact Fees for Small Residential Units and Assisted Living Facilities
DATE: April 21, 2015

Needs: For the Council to consider a contract with David Taussig & Associates to analyze special impact fees for studio and one-bedroom live-work apartment units in the Uptown-Town Centre Plan, and special impact fees for assisted living facilities throughout the City.

- Facts:**
1. In a letter to Mayor Steve Martin dated December 15, 2014, Larry Werner encourages the City Council to adopt a lessor impact fee for studio and one bedroom apartment units based upon their likeliness to house only one individual.
 2. The specific project presented by Werner is Tentative Tract 3047, owned by Rick Jeffrey, and located at 34th and Spring Streets. This project is located within the Uptown Specific Plan.
 3. The Uptown-Town Centre Plan advocates development of a range of housing opportunities, including mixed use in the Downtown, to provide greater independence from automobile use.
 4. The Paso Robles Economic Strategy encourages a wide range of residential uses downtown and in the town center, promoting compact development, walking, biking, transit access and less auto use.
 5. A key policy statement from the Economic Strategy; "encourage community development in live/work, mixed use, and compact, pedestrian oriented forms to accommodate all income levels and lifestyles", supports the development of the type of units proposed by Jeffrey.
 6. Another example of small apartment units are those restricted to seniors. Three such projects exist today at Oak Park, Los Robles Terrace and Oak Creek Apartments on Oak Hill Road.
 7. Since the beginning of the year, the Community Development Department has received interest in the development of at least four separate multi-acre assisted living facilities projects.
 8. Assisted living facilities are conditionally allowed in nearly all zones and their impacts are unique. The impact fee program does not address these facilities.

Analysis &

Conclusion:

In a letter to Mayor Steve Martin, Larry Werner encourages the City Council to adopt a lessor impact fee for studio and one-bedroom apartment units based upon their likeliness to house only one individual. There is policy basis, demographic projection, and nexus to support a case for a reduction of fees in a "live-work" arrangement in the Uptown-Town Centre Plan. The Plan advocates a range of housing opportunities, including mixed use in the Downtown and North Spring Street to provide greater independence from automobile use. The Paso Robles Economic Strategy encourages residential uses downtown, promoting compact development, walking, biking, transit access and less auto use. A technical review is needed to determine the appropriate fee for these units, and to what degree recommended fees would impact both fees for other housing and the City's long-term capacity to fund infrastructure needed to offset the impacts of development.

Small apartment units restricted to seniors also impact the community differently than common market rate multi-family housing. While we currently have no new proposals for this type of housing, it would seem likely that we would see new applications, given our aging population. A justification of impact fees for these units would be valuable.

Given the meetings that we have had to date, it is highly likely we will see at least one or two very significant assisted living facility land development applications in the near future. We have had numerous requests for a calculation of impact fees for development of these facilities. It is very difficult to respond given the very limited direction of the current fee structure. An array of justified impact fees is needed for this use.

Options:

- a. Authorize the City Manager to execute a contract with David Taussig & Associates, not to exceed the amount of \$7,500, to amend the 2014 Justification Study for the AB 1600 Fee Program and to adopt Resolution No. 15-xxx appropriating these funds; or
- b. That the City Council amend, modify or reject the above option.

Attachments:

- 1) Letter from Larry Werner
- 2) Taussig Proposal
- 3) Resolution



NORTH COAST ENGINEERING, INC.

Civil Engineering ■ Land Surveying ■ Project Development

December 15, 2014

Mayor Steve Martin
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

Subject: Request to consider AB1600 Fee Category for Studio/One Bedroom Living Units.

Dear Mayor Martin,

We have been working very closely for many years with Rick Jeffrey on the development of the parcel located on the corner of Spring Street and 34th Street. (The former Ford Dealership property). We received approval for a combination of Commercial and Residential uses as PD 13-001 and Vesting Tentative Tract 3047. On Spring Street there are two 2 story Commercial buildings approved with a public courtyard in between. For nearly 2 years we have been pursuing financing for the project and have discovered that obtaining financing for second story commercial in this area is extremely difficult. Based on input from lenders, real estate professionals and community members we have been advised that a much more appropriate, compatible and needed use on the second story would be small studio/one bedroom living units. The units of approximately 400 SF would provide lower cost living accommodation above the commercial. While it might not be "Live-Work" in the strictest definition of the term it would certainly be a potential place for employees of the commercial area to live as well as single people who may work in town. The studio/one bedroom units would be owned and managed by the owner of the commercial building. They would not have separate ownership.

One of the obstacles to providing this type of residential accommodation is the fact that there is no category for Studio/One Bedroom Living Units in the AB1600 Fee structure. The closest category is Multi-Family. According to the Taussig Development Impact Fee Justification Study dated March 20, 2014 Multi-Family impacts were based on an occupancy rate of 2.66 persons per Multi-Family Unit. There was no impact analysis for a single person/one room unit. Based on the method of calculation for the Taussig Study it would be logical to use the same method in calculating the fee for a single person/one room unit.

The Taussig Study uses Equivalent Dwelling Units (EDU) and Equivalent Benefit Units (EBU) to calculate the proportionate fee for each land use type. The EDU for a land use is based upon the number of people in each dwelling unit. For residential uses, both Single-

Family and Multi-Family the EDU consists of 2.66 persons. Therefore the calculation of the fees is directly related to the number of people per unit. This is clearly documented in the Demographics Chapter and repeatedly reinforced in the Methodology Chapter. Using the Taussig methodology the fee for single person Studio/One Bedroom units should be 1/2.66 or 43% of the Multi-Family fee. Please see attached proposed fee breakdown.

We would encourage the City Council to utilize the same calculation approach as the Taussig study and approve an AB1600 Development Impact Fee for Studio/One Bedroom Units.

Respectfully,



Larry Werner

Cc: City Council
Jim App
John Falkenstien
Susan DeCarli

Attachments:

Proposed Development Impact Fees for Studio/One Bedroom Living Units
Demographics Chapter from the 2014 Taussig Development Impact Fee Justification Study
Methodology Chapter from the 2014 Taussig Development Impact Fee Justification Study

**CONSULTANT AGREEMENT
NOTICE OF AUTHORIZATION**

Date:	April 9, 2015		
Project:	City of Paso Robles – Development Impact Fees		
Description of Work:	Specialized Impact Fee Determination		
Budget:	Time and materials not to exceed <u>\$7,500</u> , excluding expenses, for the Scope of Services described below. "Additional Work," as described below, may require additional fees. Professional Services will be billed at the hourly rates listed below:		
	President	\$275/Hour	Associate \$165/Hour
	Vice President	\$230/Hour	Analyst \$140/Hour
	Senior Associates	\$180/Hour	Research Asst. \$105/Hour
<p>City shall reimburse DTA for out-of-pocket and administrative expenses by paying a charge equal to 3% of DTA's monthly billings for labor, plus clerical time @ \$75 per hour, travel costs, and any outside vendor payments, not to exceed \$750. All hourly rates for services apply through December 31, 2015 and are subject to a cost-of-living increase at that time. On or about the first two (2) weeks of each month during which consulting services are rendered hereunder, Consultant shall present to City an invoice covering the current consulting services performed and the reimbursable expenses incurred pursuant to this Notice of Authorization. Invoices shall be paid by City within thirty (30) days of the date of each invoice. A 1.2% charge may be imposed monthly against accounts that are not paid within thirty (30) days of the date of each invoice.</p>			
Consultant:	David Taussig & Associates, Inc.	City:	City of Paso Robles
			
	Shayne M. Morgan, Vice President		(Authorized Signature)
Brief Description of Scope of Services:			
<ul style="list-style-type: none"> ✓ DTA shall evaluate the City's 2014 Development Impact Fee Justification Study ("DIF") and determine reasonable development impact fees for the following specialized fee categories: <ul style="list-style-type: none"> ○ Studio and One-Bedroom Apartments ○ Senior Living Units ○ Assisted Living Facilities <p>During this evaluation, DTA will develop a methodology for and determine fee amounts for the above listed categories. DTA will not develop a modified Facilities Needs List and will not determine modified development impact fees for the land use classifications addressed in the DIF.</p> <ul style="list-style-type: none"> ✓ DTA shall then produce documentation to City for incorporation into City resolution for fee approval. ✓ <u>Information to be Provided by City:</u> Unit counts and/or bed counts, and proposed location, if available, for the development anticipated within the specialized fee categories to be evaluated. ✓ <u>Additional Work:</u> Upon request, DTA can (i) negotiate with stakeholders once the development impact fees have been determined; (ii) assist with the actual implementation of the specialized fee program, and (iii) attend meetings. 			

RESOLUTION NO. 15-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES APPROPRIATING FUNDS TO PAY FOR CONTRACT SERVICES RELATED TO SPECIAL DEVELOPMENT IMPACT FEES

WHEREAS, the Uptown-Town Centre Plan advocates the development of a range of housing opportunities, including mixed use in the Downtown to provide greater independence from automobile use; and

WHEREAS, a key policy statement from the Economic Strategy states; "encourage community development in live/work, mixed use, and compact, pedestrian oriented forms to accommodate all income levels and lifestyles"; and

WHEREAS, small apartment units, restricted to seniors, impact the community differently than common market multi-family residential housing units; and

WHEREAS, the Community Development Department has received recent interest in the development of significantly sized assisted living facilities; and

WHEREAS, the City's AB 1600 impact fee program does not adequately address the development of assisted living facilities; and

WHEREAS, David Taussig & Associates has provided a proposal to provide a study to develop and recommend special impact fees for small residential live-work units in the Uptown-Town Centre Plan, small residential units restricted for seniors, and special impact fees for assisted living units; and

WHEREAS, special impact fees based on the 2014 Justification Study will ensure that future one-bedroom and studio apartment units in the Uptown-Town Centre Plan, small apartment units restricted to seniors and assisted living facilities pay their proportionate share of the backbone public facilities needed to accommodate development without adversely impacting the level of service for existing residents or businesses.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that a one time appropriation from impact fee fund reserves in the amount of \$7,500, evenly distributed, from the Fire Protection Facilities Development Fund Budget Account No. 2127102-52240 (\$2,500), the Public Facilities Development Fund Budget Account No. 2247102-52240 (\$2,500), and the City Hall/General Government Facilities Development Fund Budget Account No. 1217102-52240 (\$2,500) is hereby approved.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 21st day of April 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Steven W. Martin, Mayor

Caryn Jackson, Deputy City Clerk

