



Council Agenda Report

From: John Falkenstien, City Engineer
Subject: Establishment of a Development Impact Fee for Assisted Living Facilities
Date: May 16, 2017

Facts

1. The current Development Impact Fee schedule does specifically address Assisted Living Facilities. The commercial building category is the only option available and the traffic generation assumed for commercial building would likely generate an inappropriately high fee for an assisted living facility.
2. Since 2015, the Community Development Department has received interest in the development of at least four separate multi-acre assisted living “residential care” facilities projects.
3. At their meeting of January 26, 2016, the City Planning Commission approved “The Oaks at Paso Robles” a 101 unit residential care facility located at the southeast corner of South River Road and Serenade Drive.
4. Assisted living facilities are conditionally allowed in nearly all zones and their impacts are unique.
5. At their meeting of April 21, 2015, the City Council authorized a contract with David Taussig and Associates to analyze special impact fees for assisted living facilities.
6. On September 27, 2015, David Taussig and Associates produced a Memorandum proposing development impact fees for assisted living facilities.
7. In the Fall of 2015, evaluation of a new fee for assisted living facilities was transferred to a list of potential topics of discussion by the Housing Constraints and Opportunities Committee. The urgency of action for a new fee was recently brought forward by “The Oaks” representative.
8. On April 13, 2017, we received notification from the developer’s representative of “The Oaks” of acceptance of the Taussig Memorandum as a fair and effective method of implementing development impact fees on assisted living unit facilities.

Options

1. Take no action.
2. Adopt Resolution No. 17-xxx amending the 2014 AB 1600 Fee Justification Study and establishing new development impact fees for assisted living facilities as outlined in the Memorandum prepared by Taussig and Associates, dated September 27, 2015.
3. Refer back to staff to consider alternative options for calculating development impact fees for assisted living facilities.

Analysis & Conclusion

At its meeting of January 26, 2016, the City Planning Commission approved a 101 unit assisted living facility located at the southeast corner of South River Road and Serenade Drive. The project is comprised of 88,937 square feet of floor space on three levels. There is no specific category in the Development Impact Fee program that addresses assisted living facilities.

In their memo dated September 27, 2015, Taussig and Associates demonstrates that under the current impact fee structure an assisted living facility would be permitted as non-residential, and would therefore be subject to commercial fees. Taussig proposes modifying each of those fee categories to better fit the impacts of the assisted living facilities in relation to typical commercial buildings. Traffic impacts are much lower. Impacts for emergency services and government facilities are a little higher.

The table below summarizes how the proposed \$6.945 / square foot Assisted Living Development Impact Fee would be calculated:

Construction Type	Transportation	Police	Fire	General Governmental			Total
Commercial	\$ 11,170	\$ 130	\$ 390	\$ 1,120			\$ 12,810
Assisted Living Units	\$ 4,082	\$ 147	\$ 1,444	\$ 1,272			\$ 6,945

*fee amounts expressed in dollars per 1,000 sf of building construction

The Community Development Department has also entertained meetings and interest on at least three other significant assisted living project proposals in the last two years. In each of these cases, requests for a Development Impact Fee schedule has been made. It is difficult to respond in a productive manner with only the current program to work with. The Taussig Memorandum offers a path towards resolution of a significant and timely question.

Fiscal Impact

Some potential impact to the build-out balance of the Transportation Impact Fee Fund. However, this impact is difficult to measure and only an impact if such assisted living facilities were to displace other commercial building activity or high-density residential property. This would seem difficult to justify in that commercial construction is market driven. The impact of the loss of high-density residential property would be analyzed through the project application environmental process.

Recommendation

Adopt Resolution 17-xxx amending the 2014 AB 1600 Justification Study to establish new development impact fees for Assisted Living Facilities as outlined in the memo prepared by Taussig and Associates, dated September 27, 2015 (Option 2).

Attachments

1. Taussig Memorandum 9-27-15
2. Draft Resolution 17-xxx Adopting New Impact Fees for Assisted Living Units
 - a. Exhibit A: Amended Development Impact Fee Schedule

MEMORANDUM

September 27, 2015

To: John Falkenstien, City of Paso Robles

From: David Taussig & Associates, Inc.

Subject: PROPOSED DEVELOPMENT IMPACT FEE REDUCTION FOR ASSISTED LIVING FACILITIES

David Taussig and Associates, Inc. ("DTA") has prepared this memorandum to (i) briefly discuss the assumptions utilized to determine an estimated development impact fee reduction that could be applied to assisted living facilities within the City of Paso Robles ("City"), and (ii) identify the recommended reduced development impact fee that could be offered by City Council against such development.

I Development Impact Fee Reduction Assumptions

There are many methods or ways of calculating fees, but they are all based on determining the cost of needed improvements and assigning those costs equitably to various types of development. Fees for the facilities analyzed in Development Impact Fee Justification Study dated March 20, 2014 (the "Study") were calculated utilizing varying methodologies as discussed below.

The methodologies were similar in that they employed the concept of an Equivalent Dwelling Unit ("EDU"), or Equivalent Benefit Unit ("EBU"), to allocate benefit among four land use classes, including single family, multi-family, commercial, and industrial developments. EDUs are a means of quantifying different land uses in terms of their equivalence to a residential dwelling unit, where equivalence is measured in terms of potential infrastructure use or benefit for each type of public facility. For many of the facilities considered in the Study, EDUs were calculated based on the number of residents and/or employees ("Persons Served") generated by each land use class. Notably, "Persons Served" equals residents plus 50% of employees, and is common customary industry practice designed to capture the reduced levels of service demanded by employees. For other facilities, different measures, such as number of service calls or potential hours available for park use, more accurately represented the benefit provided to each land use class. This type of benefit measure is expressed as EBU in the Study as a means of quantifying different land uses in terms of their equivalence to a common benefit. Additionally, fees for transportation facilities were calculated utilizing an average daily trip ("ADT") methodology.

More specific to this development impact fee reduction assignment requested by the City, varying EDU levels were determined for commercial development, with all such classified commercial development ultimately paying the same development impact fee level on a per building square footage basis. At the time the Study was conducted, commercial development included, but was not limited to, buildings used as the following (each as further defined in Table LU-4 of the City's General Plan): Neighborhood Commercial, Office Professional, Community Commercial, Regional Commercial, and Commercial Services. Furthermore, as discussed with City staff, a non-residential building permit would be issued to permit the construction of an assisted living facility. Accordingly, an assisted living facility would be subject to the commercial development impact fee established by the Study. At this time, the City would like to determine a reasonably reduced development impact fee that could be offered for assisted living facilities that would otherwise pay the full commercial development impact fee.

Tables 5-3, 5-5, 5-6 and 5-8 of the Study identify the applicable EDU factors assigned to commercial development. Namely, for transportation facilities, 6.84 ADTs were assigned per 1,000 building square feet of commercial development, 2.11 calls for police service were assigned per 1,000 building square feet of commercial development, and for fire facilities and general government facilities 0.96 employees per 1,000 building square feet were assigned to commercial development.

DTA evaluated the Study and determined a reasonably reduced development impact fee level that could be offered for assisted living facilities utilizing a proposed set of specialized EDU factors for such development. For instance:

- 6.84 ADTs per 1,000 building square feet were identified for commercial development in the Study, and it is reasonable that equivalent ADTs per 1,000 building square feet of assisted living facilities could be lower and measured at less than 2.50 ADTs.
- 2.11 calls for police service per 1,000 building square feet were identified for commercial development in the Study, and it is reasonable that equivalent calls for police service per 1,000 building square feet of assisted living facilities could be higher and measured at approximately 2.40 calls.
- 0.96 employees per 1,000 building square feet were identified for commercial development in the Study, and it is reasonable that equivalent employees per 1,000 building square feet of assisted living facilities could be measured at more than 1.25.

DTA has estimated that the application of these specialized EDU factors could reduce the established commercial development impact fee applicable to assisted living facilities by approximately 45%. The application of this proposed development impact fee reduction is identified in Section II below.

II Proposed Fee Schedule

The table below summarizes the recommended reduced development impact fee that could be offered by City Council against assisted living facilities resulting from the implementation of the varying assumptions referenced above.

Table 1
Recommended Development Impact Fee Reduction
Assisted Living Facilities
City of Paso Robles

Land Use Type	Fee Amount Per 1,000 BSF Identified in the Study [1]	Fee Amount Per 1,000 BSF Effective July 1, 2015 [2]
Commercial Development	\$12,077	\$12,627
<i>Recommended Fee for Assisted Living Facilities [3]</i>	NA	\$6,945
<i>Notes:</i>		
<i>[1] Represents the fee level from the Development Impact Fee Justification Study dated March 20, 2014.</i>		
<i>[2] Represents fee levels effective July 1, 2015 incorporating applicable changes in the ENR price index.</i>		
<i>[3] Represents a 45% proposed development impact fee reduction for assisted living facilities.</i>		

Please note, while the application of a reduced development impact fee applicable to assisted living facilities will encourage the development of such facilities within the City, a financial mechanism is currently not in place that will subsidize the lost development impact fee revenues resulting from such applied reduction. As a result, and if a reduced development impact fee against assisted living facilities is implemented, it is recommended that City Council offer such reduced development impact fee for a one (1) year period. After such one (1) year period, the reduced development impact fee could be reviewed or extended after future evaluations.

If you have any questions upon review of this memorandum, please feel free to call me at (949) 955-1500.

Attachment 2

RESOLUTION 17-xxx

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES ESTABLISHING DEVELOPMENT IMPACT FEES FOR ASSISTED LIVING UNITS

WHEREAS, at their meeting of January 26, 2016, the City Planning Commission approved “The Oaks at Paso Robles”, a 101 unit residential care facility located at the southeast corner of South River Road and Serenade Drive; and

WHEREAS, since 2015, the Community Development Department has received interest in the development of at least four separate multi-acre assisted living “residential care” facilities projects; and

WHEREAS, assisted living facilities are conditionally allowed in nearly all zones and their impacts are unique. The current impact fee program does not address these facilities; and

WHEREAS, on December 27, 2015, David Taussig and Associates produced a Memorandum proposing development impact fees for assisted living facilities; and

WHEREAS, the City has recently received acknowledgement from the developers of “The Oaks at Paso Robles” that the fees for assisted living units proposed in the Taussig Memorandum are fair and effectively address the industry.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby finds and determines that based upon the information presented to it, there is sufficient basis to justify establishing development impact fees for assisted living facilities as determined in the Memorandum prepared by Taussig and Associates dated September 27, 2015 and hereby approves and adopts the fees as set forth in Exhibit A.

Section 3. If any action, subsection, sentence, clause or phrase of this resolution, the Justification Study, or other attachments hereto, shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this resolution or other fees levied by this resolution that can be given effect without the invalid provisions or application of fees.

Section 4. This resolution shall take effect immediately upon its adoption by the City Council.

APPROVED this 16th day of May, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

Exhibit A –Amended Development Impact Fee Schedule

Exhibit "A"
Development Impact Fees Summary - - Resolution 17-xxx
Amended 5/16/17

Construction Type	Transportation	Police	Fire	General Governmental	Park and Recreation	Library	Total
Single Family per unit	\$ 12,183	\$ 77	\$ 1,054	\$ 3,053	\$ 2,985	\$ 985	\$ 20,337
Multiple Family per unit	\$ 8,396	\$ 91	\$ 1,054	\$ 3,053	\$ 2,985	\$ 985	\$ 16,564
One Bedroom units ¹	\$ 4,735	\$ 55	\$ 594	\$ 1,721	\$ 1,683	\$ 555	\$ 9,343
Studio units ²	\$ 3,156	\$ 34	\$ 396	\$ 1,148	\$ 1,122	\$ 370	\$ 6,226
Commercial Lodging Motel/Hotel per room	\$ 2,699	\$ 92	\$ 435	\$ 91	No Fee	No Fee	\$ 3,317
RV Parks & Campgrounds per space	\$ 2,251	\$ 92	\$ 435	\$ 91	No Fee	No Fee	\$ 2,869
Commercial per sq. ft.	\$ 11.01	\$ 0.12	\$ 0.39	\$ 1.11	NA	NA	\$ 12.63
Assisted Living Facilities per sq. ft.	\$ 4.08	\$ 0.15	\$ 1.44	\$ 1.27	NA	NA	\$ 6.95
Industrial per sq. ft.	\$ 3.09	\$ 0.03	\$ 0.21	\$ 0.61	NA	NA	\$ 3.94
GRACE PERIOD *							
<i>Single Family - West Side of Salinas River</i>	\$ 5,141	\$ 77	\$ 1,054	\$ 3,053	\$ 2,985	\$ 985	\$ 13,295
<i>Multiple Family - West Side of Salinas River</i>	\$ 4,113	\$ 91	\$ 1,054	\$ 3,053	\$ 2,985	\$ 985	\$ 12,281
<i>Commercial per sq. ft. - East Side of Salinas River</i>	\$ 8.68	\$ 0.05	\$ 0.58	\$ 0.44	NA	NA	\$ 9.75
<i>Commercial per sq. ft.- West Side of Salinas River</i>	\$ 7.24	\$ 0.05	\$ 0.58	\$ 0.44	NA	NA	\$ 8.31

Single Family Residential: Includes single family detached homes, town homes, condominium units, mobile homes, and pre-fabricated homes.

Multi-Family Residential: Includes buildings comprised of two or more attached dwelling units under common ownership, including apartments

¹ One Bedroom Units are limited to a maximum of 600 square feet and are comprised of one room, one kitchen, a bathroom and no other rooms with more than three walls (see Exhibit B)

² Studio Units are limited to a maximum of 450 square feet and are comprised of one room including a kitchen, bathroom, and no other room (see Exhibit C).

The following uses are allowed in commercial zones under Conditional Use Permit

Buildings constructed for these uses shall be considered Industrial for the purposes of Development Impact Fees.

Recycling , Wholesale and Storage, Mini-Storage, Warehousing Manufacturing and Processing, including:

Apparel, Chemical Products, Electrical Equipment, Food and Kindred Products, Furniture and Fixtures, Glass Products, Cabinet Shops, Prefabricated Walls and Trusses, Machinery, Metal Fabrication, Mobile Home Manufacturing, Paper Products, Plastics, Fiberglass, Rubber, Jewelry, Stone, Structural Clay and Pottery, Testing Laboratories.

** All residential building permit applications on properties west of the Salinas River that are, or were received by the City Building Division on or before September 1, 2014, and based upon the submissions made by that date have been deemed by the City to be accepted for review to determine their compliance with City requirements, shall be processed on a first-come, first-served basis, in accordance with the City's standard policies and practices shall be subject to the Transportation development impact fees that applied pursuant to Resolution No. 06-188, prior to adoption of this resolution.*

** All commercial building permit applications that are, or were received by the City Building Division on or before September 1, 2014, and based upon the submissions made by that date have been deemed by the City to be accepted for review to determine their compliance with City requirements, shall be processed on a first-come, first-served basis, in accordance with the City's standard policies and practices shall be subject to the development impact fees that applied pursuant to Resolution No. 06-188, prior to adoption of this resolution.*