



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 25, 2017**

FROM: OFFICE OF THE CITY MANAGER **WARDS: ALL**

SUBJECT: REDUCTION OF FEES FOR AGE RESTRICTED SENIOR HOUSING PROJECTS

ISSUE:

Adopt the attached Resolution providing for a Sixty Percent (60%) reduction for senior housing projects.

RECOMMENDATIONS:

That the City Council:

1. Waive the requirements of the sunshine ordinance pursuant to section 4.05.050(C)(3)(a) of the Riverside Municipal Code
2. Adopt the attached Resolution No. 21960 (Fees and Charges) and Resolution No. 20185 authorizing a sixty percent (60%) reduction in various fees for senior housing projects; and
3. Retroactively ratify granted discounts of fees for age-restricted senior housing projects since 2008.

COMMITTEE RECOMMENDATION:

The Development Committee met on July 20, 2017, with Chair Gardner and Member Mac Arthur present, to consider whether discounted fees be reinstated in support of age-restricted senior housing projects. After discussion the Committee unanimously voted, pursuant to Riverside Municipal Code section 4.05.050(C)(3)(a), to waive the sunshine ordinance and bring this matter to City Council on July 25, 2017, for its consideration to reinstate a 60% discount of certain development fees in support of age-restricted senior housing projects, to retroactively ratify granted discounts of fees for age-restricted senior housing projects, and to direct staff to include comprehensive recommendations on incentives for the production of housing within the Housing Element presentation scheduled to go before the City Council on October 10, 2017.

LEGISLATIVE HISTORY:

City Council adopted Resolutions related to the City's Fees and Charges Schedule and Development Fees for City Services - as it applies to a discount for of age-restricted senior

housing project.

Resolution No. 21085, Section 2, adopted December 6, 2005

Section 2 REDUCTION OF PERMIT OR PLAN CHECKFEES OR CHARGES FOR AGE-RESTRICTED SENIOR CITIZEN HOUSING DEVELOPMENT

Notwithstanding anything to the contrary, any permit or plan check fee or charge as established herein under Sections 2721, 2752, 2770, 2601, 2602, 2609, and 5201, to be paid by an applicant for the construction of a age-restricted senior citizen housing development, where a covenant has been recorded with, or will be recorded with prior to the issuance of a building permit, the Riverside County Recorder limiting occupancy, residency and use in accordance with Civil Code section 51.3, shall be reduced by sixty percent (60%).

Description of the permit or plan check fees sections:

Section	Service Title
2601	Building Plan Check
2602	Building Permits and Inspections
2609	Building Document Archiving
2721	Conditional Use Permit Housing
2752	Initial Environmental Study with Existing Case
2770	Plot Plan/Elevation Design Review
5201	Street Tree Plan Check

Section 3: Resolution Nos. 17007 (Schedule of Transportation Impact Fees), 17252 (Schedule of Traffic Signal and Railroad Signal Mitigation Fees), 17495 (Development Fee for Regional Parks and Reserve Parks), 17692 (Sewer Connection Unit Benefit Fee) and 18991 (Schedule of Fees for Park Development) are hereby amended by adding the following section to each of those resolutions:

Resolution No 21155, adopted April 18, 2006, repealed Resolution No 21085 and established a new Fees and Charges Schedule for City Services.

The Fee Schedule included:

Service Title	Calculation of Fee
Reduction of Permit or Plan Check Fees or Charges for Age Restricted Senior Citizen Housing Development Civil Code Section 51.3	Fees established under Sections 2602, 2609, 2721, 2752, 2770 or 5201 shall be reduced by 60% on developments on which a covenant limiting occupancy, residency and use has been or will be recorded prior to the issuance of a building permit

Resolution No. 21709, adopted September 16, 2008, amended Section 3 of Resolution 21085 to delete Resolution No.s 17494 and 18991, the 60% reduction of park fees for age-restricted senior citizen housing developments (Attachment 3).

Resolution No. 21713, adopted September 23, 2008, established the sewer connection unit of benefit fee and continuing the previously approved sewer capacity charges (connection fees) for qualified age-restricted senior citizen housing (Attachment 4).

Resolution No. 21960, adopted January 12, 2010, repealed Resolution No. 21155 and all amendments, establishing a new fees and charges schedule for City Services.

The Fee Schedule included:

Service Title	Calculation of Fee
Reduction of Permit or Plan Check Fees or Charges for Age Restricted Senior Citizen Housing Development Civil Code Section 51.3	Fees established under Sections 2602, 2609, 2721 (now referred to as 2708), 2752, 2770 or 5201 (now referred to as 4138) shall be reduced by 60% on developments on which a covenant limiting occupancy, residency and use has been or will be recorded prior to the issuance of a building permit

Description of the permit or plan check fees sections:

Section	Service Title
2602	Building Permits and Inspections
2609	Building Document Archiving
2721 (2708)	Conditional Use Permit
2752	Initial Environmental Study with Existing Case
2770	Plot Plan/Elevation Design Review
5201 (4138)	Street Tree Plan Check

Resolution No 22904, adopted September 8, 2015, amended Resolution No 21960 and the City's Fees and Charges for City Services.

This schedule did not adopt language Reduction of Permit or Plan Check Fees or Charges for Age Restricted Senior Citizen Housing Development.

BACKGROUND:

On July 20, 2017, Community & Economic Development brought a report (Attachment 2) to the Development Committee seeking direction on an incentive that existed prior to the September 8, 2015, adoption of Resolution No. 22904 that established new fees and charges for city services and resulted in the removal of the 60% reduction in fees for age-restricted senior housing. Development Committee direction was sought as a result of a June 2017 inquiry from a senior housing developer. The developer was seeking information on permit fees and if a fee discount was applicable. Staff advised the developer that there were no longer fee discounts for senior housing projects. The developer advised staff that he had received a fee discount on previous senior housing projects, including after Resolution No. 22904 was adopted. Subsequent research from staff yielded a software programming error that did not eliminate the 60% reduction in fees for age-restricted senior housing in concert with the adoption of Resolution No. 22904.

DISCUSSION:

The Development Committee considered three primary options:

1. Maintain existing fee schedule with no fee discount for age-restricted senior housing.
2. Pursue an amendment to the fee schedule to include a discount for age-restricted senior housing.
3. Research the matter further and bring back a recommendation relative to fee discounts for the development of housing.

Based on public comment and staff input, the Development Committee recognized the importance and urgency of the fee discount for the production of age-restricted senior housing and concluded that staff should bring to the City Council on July 25, 2017, for its consideration, the reinstatement of a 60% discount of certain development fees in support of age-restricted senior housing projects, to retroactively ratify granted discounts of fees for age-restricted senior housing projects, and to direct staff to include comprehensive recommendations on incentives for the production of housing as soon as possible.

The Development Committee clarified that the 60% discount for age-restricted senior housing shall apply only to those fees mistakenly discounted since 2015. Further, staff will bring comprehensive recommendations on incentives for the production of housing as an integrated part of the Housing Element presentation scheduled to go before the City Council on October 10, 2017; it is anticipated that direction received by the City Council on incentives pertaining to housing production will be included as part of the hearing to approve and adopt the rezoning and general plan amendments for the Housing Element Rezoning Program scheduled to go before the City Council on December 12, 2017.

Cost Recovery Percentage vs Fee Subsidy

California State laws Proposition 218 and 26 state that local government agencies may recover the estimated reasonable cost of providing services. When user and regulatory fees are adopted by the City Council, the final fees represent a percentage of recovery of the City's total cost to perform the service being paid for (e.g. 90% for Planning fees and 100% for Code Enforcement fees). These fees are applied to all individuals applying for that service (e.g. building fees for a contractor, homeowner, etc.). When fees are further discounted for a specific purpose (e.g. qualified senior housing project), fees are no longer applied equally to all parties and a fee subsidy exists. While fee subsidies are allowed, an alternative revenue source to cover that subsidy must be identified, such as the General Fund Reserve or grant funding.

FISCAL IMPACT:

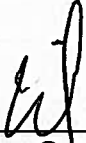
As the recommended action constitutes a fee subsidy for age restricted housing projects, the fiscal impact on the General Fund and other funds will vary based on each qualified project. The amount of alternative revenue needed to cover the total subsidy will depend on the size of the project. For example, an estimated subsidy for an age restricted housing project valued at \$1,000,000, would be approximately \$70,000 in the General Fund.

The City is currently in the second year of the FY 2016-2018 Two Year Budget. The age restricted housing subsidy was removed in 2015. As such, no funding was identified for these types of

projects during the development of the Community & Economic Development, Public Works, and other departmental budgets. Staff will need to either identify alternative funding sources (e.g. grant funding) or utilize Reserves in the General Fund and other funds, where applicable.

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Certified as to availability of funds: Adam Raymond, Acting Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Concurs with;



Mike Gardner, Chair
Development Committee



Chris Mac Arthur, Member
Development Committee

Attachments:

1. Resolution
2. Development Committee Report 072017
3. CC Report 091608 and Resolution
4. CC Report 092308 and Resolution