**Meeting Summary as of 12.15.17**

Mountain Housing Council | Fee Roundtable Meeting

11.30.2017 |1pm-4pm |Truckee Airport

**Meeting Participants:**

*Nevada County:* Brian Foss

*Northstar Community Services District:* Mike Standenmayer

*North Tahoe Public Utility District:* Sue Daniels

*Placer County:* Shawna Purvines + Lindsey Romack

*Tahoe City Public Utility District:* Sean Barclay + Scott Zumwalt

*Tahoe Regional Planning Agency:* Brandy McMahon

*Tahoe Truckee Community Foundation:* Wally Auerbach + Stacy Caldwell

*Tahoe Truckee Unified School District:* Robert Leri + Todd Rivera

*Town of Truckee:* Jeff Loux

*Truckee Donner Public Utility District:* Steven Poncelet

*Truckee Sanitary District:* Blake Tresan + Nelson Van Gundy

*Squaw Valley Public Service District:* Fred Ilfeld

**Staff Support:**

Seana Doherty, Freshtracks + Project Director, Mountain Housing Council

Debbie Daniel, Freshtracks Associate

**Hansford Economic Consulting:**

Catherine Hansford, Principal

Zach Gustafson, Analyst

**Topics in this Summary**

1. Goals/Purpose of Fee Roundtable Meeting
2. Overview of Mountain Housing Council + Solutions in the Works
3. Hansford Economic Consulting Regional Fee Presentation (attached)

Discussion points and questions

IV. Next Steps

**Materials Shared**

* Hansford Economic Consulting Fee Review Presentation
* Fee Review – Estimated Costs of a 1,400 sq. ft. Single-Family Residence
* Preparing Impact Fee Ordinance by 21Elements

**Meeting in Brief**

**I. Purpose of Meeting**

Mountain Housing Council Perspective: The goal of the meeting was to bring together the Mountain Housing Council and other special district fee chargers in our region to:

1. Increase understanding of what developer impact fees are—who charges them, how they are used, legal aspects, etc.
2. Offer a third-party perspective of regional impact fees and how ours compare to each other within the region.
3. To brainstorm creative avenues for increasing understanding of fees and explore opportunities for possibly creating incentives for local achievable housing solutions.

Participant Perspective:

1. Recognize that fees do important work in community (ex. sewage, schools).
2. Need to educate the community about the purpose of fees and that fee rates are set based on valid data.
3. How do the fees in our region compare to other regions (outside of our boundaries)? Ex. Bay Area, Reno, Sacramento, etc.…
4. Understand fees from developer perspective
5. Look at gap between median house price and median income. How do we close this gap? Reduce home price or increase income for workforce?

**II. Mountain Housing Council Presentation—Solutions in the Works + Why Look at Fees: Seana Doherty, Project Manager**

**Key Points:**

* MHC work over past six months has been focused on understanding barriers and opportunities to local housing. More info go to: www.mountainhousingcouncil.org
* **Outcomes from this work so far:**
  + Expanded definition of “affordable” housing needed for our region that includes missing middle
  + Fee’s brought up often as barrier to unlocking local housing
  + Opportunities exist with new state + local policies—let’s push those out (ADU’s with deed restriction getting fee referral, moving to square footage rather than set fee rate)
  + Employers need more tools and ways to help their employees find housing
  + Variety of housing types needed at various income levels—need to expand thinking, policy, funding, etc. re: range of needs—from mobile homes to seasonal employee type housing to rentals to homes that qualify for first time homebuyer programs.
* Today is an opportunity to tackle the fee conversation that is part of the MHC work plan.

**III. Hansford Economic Consulting (HEC) Fee Review Presentation (attached)**

**Summary Points the Discussion**

* Represent 5% of costs
* If fee is waived, district must find other source of money to backfill
* Current analysis needs to expand beyond single family units

**Clarifying Questions**

1. Do some of the special districts in our region get property taxes? If so, they can backfill the impact fees with the taxes?
   * 1. Yes, but they can’t use property tax for user and connection hook-up fees which are paying back the system for when it was built originally. Taxes are not very flexible.
2. How certain is HEC that waiving fees is not helpful?
   * 1. HEC – talked to about 15 towns that waived fees and said it didn’t increase development of affordable housing with land and building costs so high.
3. What fees would decrease if the unit were smaller? Ex. based on square foot rather than per unit. Solution – scalable fee
   * 1. Examples include fire, park fees (at least with Truckee Donner Recreation District, and Town of Truckee is moving towards sq. ft. fees as well) which will benefit smaller homes
4. How do in-lieu fees get set?
   * 1. Different methodologies for setting the in-lieu fees. For example, in-lieu fees are set by the jurisdiction’s policy or priority and decided by its Board. If a jurisdiction can get grants and funding, they can use the cost it will take the jurisdiction to build the housing, $ goes into a separate fee fund.
     2. Town of Truckee has raised about $2 million from in-lieu fees. Of this, $1.7 million went to the Artists’ Lofts and remainder to smaller projects like MHC and studies. Current policy is to use future collected in-lieu fees only to build housing.

The following chart reflects areas of interest discussed at the meeting:

|  |  |
| --- | --- |
| **Topics of Interest** | **Questions, Comments, Suggestions** |
| Dispel myths about our region’s fees being higher than other regions and the obstacle that is hindering future housing | * Would be helpful to know what the fees in other regions are/how does our region compare? * Our fees are set based on the costs in our region so other region fees are not that relevant because their costs are different * It matters in perception in our community because myth is that our region’s fees are much higher than other regions * Seek input from developers to test the numbers and gain input |
| Discrepancies in fees between jurisdictions within our region | * + TRPA fees of $7,800 are a significant difference of working inside the basin     - TRPA is starting to look at plan check and impact fees, however, not likely to be able to waive the fees   + Nevada and Placer County fees are very different on Donner Summit - Nevada County does not have a facility fee and has a much lower traffic fee than Placer   + North Tahoe PUD has a higher water connection fee than North Tahoe PUD because had to do more development of lots in Kings Beach than Tahoe City   + Town of Truckee has higher permit/building fees – will ask staff why fees are higher |
| When do fees really make a difference? | * + Second units and multi-family housing might make more of a difference than 1,400 sq. ft. house. A separate connection fee does make a difference on a smaller second unit or lots of units (multi-family)   + Fees are really a problem for smaller housing for missing middle (80% to 195% AMI) because low-income multi-family housing gets grants and high-end developers can afford them.     - Need to find local solutions for this income group as there are no federal or state dollars for this income group |
| Fee Waivers | * + Fee waivers are not going to reduce the cost of a single-family home to make it affordable to the middle class. What will make a big difference is for the land, which is 30% * Waivers are not great because have to find the money elsewhere, rather use general fund money to build affordable Housing   + Waiving fee causes “gift of public funds” and generates Davis Bacon prevailing wage requirement |
| Fee Deferrals | * + Deferral makes sense if you can time it so the developer doesn’t have to put up money upfront   + There are some state programs that can help with deferral of fees – SKIP (bond program with state)   + Developer Perspective: the fees are emotional. Developers have a huge upfront risk and a deferral program would make developers feels that there is a partnership and the local jurisdiction is willing to work with them. If fees can be deferred, they can more easily pay them back when money is coming back in since these fees are all due upfront     - What is the risk for jurisdictions of missed payments of deferrals?     - Maybe add interest if deferred or jurisdiction gives a 5% discount for upfront payment   + If we defer fees it delays jurisdictions’ ability to do infrastructure projects – look for a regional approach for bonding of projects where jurisdictions could get money upfront and help developers with cash flow |
| Future Fee Analysis of other housing types | * + Our policies around fees are very single-family home centric, we need to run the same charts on fees with multi-family and alternative unit types   + Scenarios such as 4 tiny homes on 1 parcel – currently have to pay fees for 4 units rather than 1 |
| Ideas to make building affordable housing more feasible | * + Look at Northstar Community Services District (NCSD) – Sawmill Heights example. Fees deferred for complex and Sawmill Heights is paying back fee of over $300K by housing NCSD employees. Win-win for both entities   + Change fee calculation to sq. ft. rather than per unit to benefit smaller housing units   + Research potential of other sources to pay fees to local jurisdictions in order to cover fees for affordable housing development   + Local financing for developers – financing costs are about 7.5% of cost of construction – without interest, this would lower the overall cost of building affordable housing   + Adjust zoning to create more density will improve $ per sq. ft.   + Profit margin is negotiable – if a nonprofit is the builder they have more flexibility   + What if a local jurisdiction did all of the upfront work on a parcel (including infrastructure) and then found local contractors to build a few units on the land even though they will get a lower profit margin (6%)?     - May be tough due to labor shortage |
| Other Resources | * + San Mateo County – 21 Elements represents 21 jurisdictions – all use same Nexus Study for in-lieu fees – model for expediting by coordinating on Nexus Study |

**IV. Next Steps**

The group decided to meet again in early 2018 to review another round of analysis focused on:  
1) Multi-family regional fee structures  
2) Alternative types of housing fees including ADUs   
3) Comparison for fees in: Sacramento, Reno, and Bay Area  
  
Additionally, the group agreed to pursue consideration of a collective agenda around fees in order to: 1) reduce barriers to achievable local housing and 2) increase awareness of the purpose of fees.

**The group agreed that this collective regional fee strategy should focus on:**  
1) **Fee deferral:** Research to see if the community can establish a regional fee deferral program that is bonded like SKIP or other local financing models to cover cost of gap/waiting period for jurisdictions.  
2) **Scale:** Aim to move five existing fee types to scalable fees. Scalability: i.e. price per square foot instead of flat rate approach. Town of Truckee already in process of doing this.   
3) **Information Campaign:** Create a 5% myth buster (or the actual percent across the region once further analysis is done of different housing types) to increase understanding of what fees are, what they pay for, how much are they on scale of all building costs, community benefit, etc.

**Other areas to consider:**

-Potentially find funding that will allow us to waive or finance fees by another source in projects that hit the 80-195% AMI.

-Additional strategies once more data comes in from further analysis of Multi-Family, alternative type fees (per above).