



Folsom City Council Staff Report

MEETING DATE:	6/9/2020
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 10470 – A Resolution of the City Council Authorizing Deferral of Certain Development Impact Fees for the Parkway Apartment Project
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to Adopt Resolution No. 10470 - A Resolution of the City Council Authorizing Deferral of Certain Development Impact Fees for the Parkway Apartments Project.

BACKGROUND / ISSUE

On March 20, 2019, the Planning Commission approved an extension of the Parkway Apartment Community Planned Development Permit (PN 19-013) for a 72-unit 100% affordable apartment community on a 10.1-acre site located within the Parkway Specific Plan Area at the southwest corner of the intersection of Blue Ravine Road and Oak Avenue Parkway. This extension gave the applicant additional time to obtain the tax credits (from California Tax Credit Allocation Committee) necessary to finance development of the proposed project. The project applicant, Pacific West Communities, Inc. is requesting deferment of 75% of City-imposed development impact fees pursuant to Chapter 16.60 of the Folsom Municipal Code in the amount of \$1,001,922 (75% of \$1,335,896) which, pursuant to Section 16.60.040(F), shall be paid in full upon the close of the permanent loan financing for the project, or 15 months from the date of issuance of a building permit, whichever occurs earlier.

POLICY / RULE

The City Council shall approve or deny applications for impact fee deferrals. Section 16.60.040(B) of the Folsom Municipal Code.

ANALYSIS

FMC Chapter 16.60 allows City Council to approve deferral or waiver of City-imposed development impact fees for qualifying projects with specific considerations and conditions. Specifically, the Code allows City Council to approve deferral of City-imposed development impacts fees not to exceed 75% of the total amount of the impact fees applicable to low income and/or very low income units in a “qualified residential project”. In order to be a “qualified residential project” under FMC Chapter 16.60, the residential development project must have all required discretionary development approvals and entitlements and include at least 10% of its total units affordable to very low income households, and at least 30% of its units affordable to low income households. As a 100% affordable housing development, the Parkway Apartment Community project meets the required criteria for a “qualified residential project”.

Pursuant to Section 16.60.040(B) of the Folsom Municipal Code, the City Council may consider the following criteria in reviewing the fee deferral application:

1. The effect of an impact fee deferral on public improvements and planned capital facilities;
2. The extent to which a deferral of fees affects the feasibility of a project; and
3. The demonstrated need for a deferral. Special consideration shall be given to projects including student housing and to mixed use, and to transit-oriented and in-fill development.

The Parkway Apartments project is a fixed budget project that has received State and Federal Low-Income Housing Tax Credits (LIHTC). These credits subsidize the acquisition and construction of affordable rental housing for low and moderate-income tenants. From the commencement of construction, these credits are to be sold to investors to fund the project. Approval of the deferral of certain impact fees allows the applicant to produce the capitol to fund the project and pay the deferred impact fees without accruing interest during the 15-month deferral time period. The total amount of City-imposed development impact fees applicable to the Parkway Apartment Community project is approximately \$1,335,896, and 75% of that amount (equals \$1,001,922) is eligible for deferral.

Pursuant to FMC Sections 16.60.030 and 16.60.040(F), the maximum fee deferral period is 15 months from the date of fee deferral agreement execution, and the deferred fees are due and payable upon the close of permanent loan financing or upon the expiration of the maximum fee deferral period (i.e., 15 months from the date of issuance of a building permit

for a very low income or low income unit within the qualified residential project for which a fee deferral was approved), whichever is earlier.

Regarding specific criteria to consider in the review of fee deferral, the deferment of these impact fees in the amount of \$1,001,922 (17 total separate fees) for a 15-month period has a negligible effect on planned capital improvement projects because the total contribution is relatively minor and the payment delay short term. Additionally, the fee deferral is critical to the project feasibility in order to effectively manage the timelines, thresholds, and funding obligations of the tax credits for this affordable housing project. Finally, this project is located on a site that is deed restricted for affordable housing with site topography and soil conditions that increase site development costs. Staff supports the proposed fee deferral for the Parkway Apartment Community project consistent with the Folsom Municipal Code to allow for construction of the affordable housing project to proceed given site considerations and complex funding sources and stipulations.

FINANCIAL IMPACT

Deferment of certain impact fees affects only the timing in which fees are collected by the City. The financial impact of deferral of impact fees is negligible to the City.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration and Mitigation Monitoring Program were previously approved for the Parkway Apartment Community project (PN 16-171) on March 15, 2017 in accordance with the California Environmental Quality Act (CEQA). Staff has determined that no new impacts will result from this fee deferral request that were not already considered with the project approval. In addition, staff has determined that none of the events described in Public Resources Code Section 21166 or CEQA Guidelines Section 15162 (e.g. substantial changes to the project) have occurred. No further environmental review is required.

ATTACHMENT

Resolution No. 10470 - A Resolution of the City Council Authorizing Deferral of Certain Development Impact Fees for the Parkway Apartment Project

Submitted,



Pam Johns Community Development Director

RESOLUTION NO. 10470

A RESOLUTION OF THE CITY COUNCIL AUTHORIZING DEFERRAL OF CERTAIN DEVELOPMENT IMPACT FEES FOR THE PARKWAY APARTMENT PROJECT

WHEREAS, the developer of the proposed Parkway Apartment Community project; located at the southwest corner of Blue Ravine Road and Oak Avenue Parkway (1105 Blue Ravine road) is requesting a deferment of City-imposed development impact fees to build a 72-unit multifamily 100% affordable housing project in which eight units shall be affordable to extremely-low income households; and

WHEREAS, the developer has requested a deferral of 75% of certain residential development impact fees pursuant to Section 16.60.040(C) of the Folsom Municipal Code; and

WHEREAS, as required by Section 16.60.040(F) of the Folsom Municipal Code, all deferred fees shall be due and payable upon the close of the permanent loan financing for the construction of the Parkway Apartments project, or 15 months from the date of issuance of a building permit for the project, whichever occurs earlier.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes deferral of up to 75% of city-imposed development impact fees applicable to the Parkway Apartment Community project until the close of the permanent loan financing for the construction of the Parkway Apartments project, or 15 months from the date of issuance of a building permit for the project, whichever occurs earlier, subject to compliance with all requirements in Chapter 16.60 of the Folsom Municipal Code.

BE IT FURTHER RESOLVED that no Certificate of Occupancy shall be issued for the Parkway Apartment Community project until all development impact fees deferred by this Resolution have been paid in full.

PASSED AND ADOPTED this 9th day of June 2020, by the following roll-call vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):
ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK