



Folsom City Council Staff Report

MEETING DATE:	12/10/2024
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11309 - A Resolution of the City Council of the City of Folsom Authorizing the City Manager to Execute a Development Impact Fee Deferral Agreement with Vintage at Folsom, LP
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to adopt Resolution No. 11309 - A Resolution of the City Council of the City of Folsom Authorizing the City Manager to Execute a Development Impact Fee Deferral Agreement with Vintage at Folsom, LP.

BACKGROUND / ISSUE

On February 15, 2023, the Planning Commission approved a Conditional Use Permit, Planned Development Permit, and Density Bonus for the Vintage at Folsom Apartments Project. The decision was appealed to the City Council, and on March 28, 2023, the City Council denied the appeal.

The Vintage at Folsom multifamily project is a new construction, 100 percent affordable, age-restricted multifamily rental development on a 4.86-acre site at 103 East Natoma Street. The project consists of 136 one- and two-bedroom units, which are affordable to low-, very-low, and extremely-low-income senior households as those terms are defined in Sections 50079.5, 50093, 50150, and 50106 of the Health and Safety Code.

On December 6, 2023, the project received an award of private activity bond allocation from the California Debt Limit Allocation Committee to help fund the development. While no City subsidy in the form of an affordable housing loan is being provided, in October of this year, the developer, Vintage at Folsom, LP submitted a fee deferral request for City-imposed development impact fees for the project.

Figure 1: Vintage at Folsom Project Site Aerial Photograph



POLICY / RULE

Chapter 16.60 of the Folsom Municipal Code mandates that the City Council must approve any deferral of impact fees for qualified residential projects. In addition, the City of Folsom's Housing Element Policy H-2.3 (Fee Deferrals/Waivers for Affordable Housing) directs the City to provide fee deferrals of City-controlled residential impact fees to developers of qualified affordable housing projects consistent with the provisions of Chapter 16.60.

ANALYSIS

The City of Folsom is committed to work with housing developers to expand opportunities for affordable lower-income and workforce housing by creating partnerships, providing incentives, and pursuing funding opportunities. Deferring payment of impact fees is a valuable incentive that offers developers significant savings, as developers would otherwise have to finance this expense.

Under Chapter 16.60 of the Folsom Municipal Code, the developer has requested a deferral of City-imposed development impact fees, while fees from non-City agencies remain payable at the time of building permit issuance unless deferred by those agencies. Chapter 16.60 permits the City Council to approve deferral of up to 75% of the total impact fees for low- and very low-income units in a "qualified residential project." To qualify, a project must have all required discretionary approvals and include at least 10% of its units for very low-income households and 30% for low-income households, a criterion met by the Vintage at Folsom project.

The current estimated City-imposed impact fees for the project total approximately \$2,838,556 with \$2,128,917 (75% of the total amount) eligible for deferral. The maximum deferral period is 15 months from the issuance of the building permit, with fees due upon either the closing of

permanent loan financing or the end of the deferral period, whichever occurs first. To ensure payment of deferred fees, a satisfactory deferral agreement and a deed of trust will be recorded against the property.

City staff support the requested fee deferral. Additionally, approving the fee deferral and adopting this resolution aligns with the City of Folsom's Housing Element Policy H-2.3 (Fee Deferrals/Waivers for Affordable Housing).

FINANCIAL IMPACT

While the fee deferral for this project will not have a direct fiscal impact on the General Fund, the potential 15-month deferral could result in a missed opportunity for interest earnings during that period.

The estimated amount of development impact and building permit fees for the project is \$3 million. Typically, permit fees, water and sewer connection fees, and development impact fees are paid at the time of building permit issuance. However, the fee deferral agreement allows these City-imposed impact fees to be deferred for 15 months.

Additional nominal costs to the Community Development Department will be incurred to draft and execute the fee deferral agreements/liens and to monitor the collection of deferred fees. These costs will be offset by the fee deferral application and processing fees.

ENVIRONMENTAL REVIEW

An Initial Study, Mitigated Negative Declaration, and Mitigation Monitoring and Reporting Program for the Project have been previously approved in accordance with the requirements of the California Environmental Quality Act (CEQA). No additional environmental review is required since the deferral of fees is not a project under CEQA Guidelines Section 15061(b)(3).

ATTACHMENT

1. Resolution No. 11309 - A Resolution of the City Council of the City of Folsom Authorizing the City Manager to Execute a Development Impact Fee Deferral Agreement with Vintage at Folsom, LP

Submitted,



Pam Johns, Community Development Director

ATTACHMENT 1

A Resolution of the City Council of the City of Folsom Authorizing the City Manager to Execute a Development Impact Fee Deferral Agreement with Vintage at Folsom, LP

RESOLUTION NO. 11309

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM AUTHORIZING THE CITY MANAGER TO EXECUTE A DEVELOPMENT IMPACT FEE DEFERRAL AGREEMENT WITH VINTAGE AT FOLSOM, LP

WHEREAS, Vintage at Folsom, LP (an affiliate of Vintage Housing Asset Management) is the developer of the approved Vintage at Folsom project, located at 103 E. Natoma Street in Folsom; and

WHEREAS, the developer has secured the necessary funding to build the Vintage at Folsom project consisting of 136-unit multifamily all of which are affordable to extremely low, very-low and low-income households as those terms are defined in Sections 50079.5, 50093, 50150, and 50106 of the Health and Safety Code, except for one manager's unit; and

WHEREAS, the developer has requested a deferral of City-imposed development impact fees; and

WHEREAS, Chapter 16.60 of the Folsom Municipal Code permits the City Council to approve deferral of up to 75% of the total impact fees for low- and very low-income units in a "qualified residential project"; and

WHEREAS, Housing Element Policy H-2.3 requires the City to provide fee deferrals for qualified affordable housing projects; and

WHEREAS, the Vintage at Folsom project meets the criteria as a qualified residential project and is eligible for fee deferral; and

WHEREAS, the current estimated city-imposed impact fees for the project total approximately \$2,838,556 with \$2,128,917 (75% of the total amount) eligible for deferral; and

WHEREAS, to ensure payment of deferred fees, a satisfactory deferral agreement and a deed of trust will be recorded against the property.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Folsom that the City Council does hereby authorize the City Manager to execute a development impact fee deferral agreement with Vintage at Folsom L.P. as well as other related documents in a form acceptable to the City Attorney consistent with and in furtherance of this Resolution.

PASSED AND ADOPTED this 10th day of December 2024 by the following vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

MAYOR

ATTEST:

Christa Freemantle, CITY CLERK