



Agenda Item B.4
CONSENT CALENDAR
Meeting Date: May 5, 2009

TO: Mayor and Councilmembers
FROM: Steve Chase, Planning & Environmental Services Director
CONTACT: Anne Wells, Advance Planning Manager
SUBJECT: Affordable Housing Impact Fee Study

RECOMMENDATION:

- A. Authorize the City Manager to execute an amendment to an existing agreement for professional services with Economic & Planning Systems, Inc. to conduct a study of housing impacts fees in an amount not to exceed \$52,500; and
- B. Approve allocations totaling \$52,500 of housing related Developer Impact Fees funds.

BACKGROUND:

Housing Element Policy 3.2 requires new non-residential development to contribute to the provision of affordable housing. The contribution may include in-lieu fees, provision of on-site housing, housing assistance as part of employee benefit packages, or other alternatives of similar value. The fulfillment of affordable housing requirements is presently established by policy/administrative practice, whereas an ordinance has not yet been adopted.

On February 3, 2009, the City Council directed staff to formally study affordable housing impact fees and to complete a commercial/housing nexus study as part of this evaluation. In response, staff prepared a Request for Proposals (RFP) (Attachment 1) and submitted the RFP to the following three firms:

- Economic & Planning Systems, Inc. (EPS)
- Keyser Marston Associates
- Management Partners

Proposals were received from EPS (Attachment 2) and Keyser Marston Associates (Attachment 3).

DISCUSSION:

City Council direction to conduct an affordable housing in lieu fee study is appropriate. The City needs to demonstrate that the in-lieu fees are reasonably justified.

EPS, Inc proposes to conduct a Commercial/Housing Nexus Study and Affordable Housing Impact Fee for \$64,750. Their proposal details five tasks, including public outreach. The public outreach task exceeds what was outlined in the RFP for a total of \$12,500. Without this task, the contract total is \$52,500. The proposal adequately addresses the scope of work outlined in the RFP and they demonstrate appropriate qualifications with extensive local knowledge and familiarity with the General Plan, local economics, and real estate values.

Keyser Marston presented a similar proposal, adequately addressing the scope of work outlined in the RFP, and they also demonstrate appropriate qualifications. The proposal shows a strong knowledge of real estate economics and legal issues. The cost estimate is \$56,000 with an optional residential nexus analysis for \$30,000 to study the validity of the City's inclusionary requirement.

Management Partners, Inc did not provide a proposal as they indicate that this type of fee study is not their main focus of work.

Staff recommends approving the EPS contract without the public outreach task based on the fact that the EPS team has a better understanding of the City's General Plan, previous work on a residential nexus analysis, work on the City's General Plan growth forecast, and a cost savings of \$3,500.

ALTERNATIVES:

The Council may choose not to authorize the contract with EPS and instead select Keyser Marston as the preferred consultant or the Council may request that staff seek proposals from other qualified firms.

STRATEGIC PLAN:

The proposed City-initiated General Plan Amendments are consistent with three goals of the Strategic Plan as follows: Goal 2.0 Maintain Sound Fiscal and Budgetary Planning, Goal 7.0 Implement General Plan Measures, and Goal 8.0 Promote Comprehensive Housing Programs.

FISCAL IMPACTS:

An allocation totaling \$52,500 is necessary to implement the contract in the current fiscal year. Staff is recommending the use of housing related Development Impact Fees as follow:

RDA Housing-in-Lieu DIF	\$4,695	(Account 228-5-4300-500)
Housing-in-Lieu DIF	\$47,805	(Account 225-5-4300-500)

Legal Review By:

Reviewed by:

Approved By:

Tim W. Giles
City Attorney

Michelle Greene, Director
Administrative Services

Daniel Singer
City Manager

ATTACHMENTS:

- 1 Request for Proposals
- 2 EPS, Inc. Proposal
- 3 Agreement for Professional Services, Amendment No. 1

Attachment 1
Request for Proposals



March 2, 2009

CITY COUNCIL
Roger S. Aceves
Mayor

Eric Onnen
Mayor Pro Tempore

Michael T. Bennett
Councilmember

Margaret Connell
Councilmember

Edward Easton
Councilmember

CITY MANAGER
Daniel Singer

Walter Kieser
Economic & Planning Systems, Inc
2501 Ninth Street, Suite 200
Berkeley, California 94710-2515

RE: ***Request for Proposal Transmittal***

Dear Walter:

As you know, the City of Goleta is in the process of implementing its recently adopted General Plan Housing Element. The Housing Element requires that we seek affordable housing mitigation for new residential and non-residential projects. We are in need of assistance in the preparation of the background study and development of fees. As such, please find attached, a Request for Proposal to assist the City with a Commercial/Housing Nexus Study and Affordable Housing Impact Fees. We have been in contact with your staff, Susan Veazey, and she is aware of our request to you.

Feel free to call either myself (805-961-7559) or Steve Chase (805-961-7541) if you have any questions about this request.

Sincerely,

Anne Wells
Advance Planning Manager

Enclosures

cc: Steve Chase, Planning & Environmental Services Director
Susan Veazey, EPS, Inc



March 2, 2009

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Edward Easton
Councilmember

CITY MANAGER
Daniel Singer

Kathe Head
James Rabe
Keyser Marston
500 South Grand Avenue, Suite 1480
Los Angeles, California 90071

RE: ***Request for Proposal Transmittal***

Dear Ms. Head and Mr. Rabe:

The City of Goleta is in the process of implementing its recently adopted General Plan Housing Element. The Housing Element requires that we seek affordable housing mitigation for new residential and non-residential projects. We are in need of assistance in the preparation of the background study and development of fees. As such, please find attached, a Request for Proposal to assist the City with a Commercial/Housing Nexus Study and Affordable Housing Impact Fees.

Feel free to call either myself (805-961-7559) or Steve Chase (805-961-7541) if you have any questions about this request.

Sincerely,

Anne Wells
Advance Planning Manager

Enclosures

cc: Steve Chase, Planning & Environmental Services Director



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Councilmember

Edward Easton
Councilmember

CITY MANAGER
Daniel Singer

Andrew Belknap
2107 North First Street, Suite 470
San Jose, CA 95131

RE: ***Request for Proposal Transmittal***

Dear Mr. Belknap:

The City of Goleta is in the process of implementing its recently adopted General Plan Housing Element. The Housing Element requires that we seek affordable housing mitigation for new residential and non-residential projects. We are in need of assistance in the preparation of the background study and development of fees. As such, please find attached, a Request for Proposal to assist the City with a Commercial/Housing Nexus Study and Affordable Housing Impact Fees.

Feel free to call either myself (805-961-7559) or Steve Chase (805-961-7541) if you have any questions about this request.

Sincerely,

Anne Wells
Advance Planning Manager

Enclosures

cc: Steve Chase, Planning & Environmental Services Director

Request for Proposals

Commercial/Housing Nexus Study and Affordable Housing Impact Fee

The City Council of the City of Goleta has authorized staff to secure consultant services to assist with studying contributions for affordable housing from nonresidential uses and identifying related affordable housing impact fee requirements. This study is consistent with the General Plan / Coastal Land Use Plan (GP/CLUP).

The City Council is scheduled to review the responses to this Request for Proposals at a public meeting on May 5, 2009. Staff requires written proposals no later than March 30, 2009. Information regarding the requested services and the requirements for submitting proposals are described in the subsequent sections of the RFP.

1. PROJECT BACKGROUND INFORMATION

Location. Goleta is located on the south coast of Santa Barbara County, approximately 8 miles west of the city of Santa Barbara. The city is suburban in character and encompasses about 7.9 square miles of territory and a population of approximately 30,800. A portion of the city, including its 2-mile Pacific shoreline, is within the California Coastal Zone.

Description. The built character of the City largely consists of compact single family residential areas of moderate density, a central area with larger but lower intensity commercial and industrial uses, and more intensely developed areas in Old Town and around Entrance Drive in the southwestern area of the City. Most of the northwest, southwest, and northeast areas of the City are dominated by an organized and compact pattern of smaller, single-family dwellings interspersed with larger structures, mainly churches or schools. The development pattern in the Old Town area in the southeast portion of the City is somewhat more compact. The south-central part of the City consists of larger commercial structures, sharply contrasting with surrounding development patterns. Large open areas are found in the north-central area (Bishop Ranch and Lake Los Carneros Natural and Historic Preserve) and the most southwestern part of the City (Sperling Preserve/Santa Barbara Shores Park and Sandpiper Golf Course).

The Goleta General Plan/Coastal Land Use Plan. The GP/CLUP was adopted on October 2, 2006. The plan contains 9 elements, including land use, transportation, public facilities, and others that together satisfy the content requirements of the state's general plan law and the California Coastal Act (Coastal Act). The policies of the plan are greatly influenced by the desire of many in the community that future growth and change be limited and guided so as to protect the area's natural resources, livable neighborhoods, existing land-use patterns, and quality of life. The full build-out allowed by the plan could result in about 3,800 additional residential units, 5 hotels, and 2.1 million square feet of commercial and industrial floor area. About 4 new hotels

are anticipated in the plan, including one new facility presently beginning construction. The Goleta General Plan/Coastal Land Use Plan can be accessed on the city's website at www.cityofgoleta.org.

Housing needs of local workers are an important factor for the City when reviewing nonresidential and residential development proposals. As such, the General Plan (Subpolicy HE 3.2) requires that proposed new development and proposed expansion or intensification of existing nonresidential development to contribute to the provision of affordable employee housing. The specifics of these provisions are not provided in the General Plan and are the subject of this Request for Proposals.

2. SCOPE OF SERVICES REQUESTED

Firms should use the following scope as a general guide and supplement their proposals with such additional or modified tasks and deliverables as they believe are necessary or appropriate for successful completion of the work.

- A. **Commercial/Housing Nexus Study:** Complete a Commercial/Housing Nexus Study and document the relationship between job growth and affordable housing needs of various types of development. Various types of development include, but are not limited to, hotels, multimedia centers, retail, office, other commercial, or industrial buildings.

Provide a description of the linkage between jobs and housing.

The study must determine appropriate and possible contributions for affordable housing from nonresidential uses and residential uses.

The proposed amount of floor area and type of nonresidential use should be factors in establishing the requirement for individual projects.

The study should include a range of alternatives to satisfy an affordable housing requirement such as payment of in lieu housing impact fees, provision of housing on site, construction of housing off site, housing assistance as part of employee benefit packages, or other alternatives of similar value.

- B. **Affordable Housing Impact Fee Study:** Complete a study of affordable housing impact fees with a presentation of residential and non-residential impact fees of relevant jurisdictions, preferably in the Coastal Zone.

Justify and propose fees for both new nonresidential and residential development.

Exaction requirements for fees should be based on empirical evidence to comply with applicable legal tests. Present the results of the study in compliance with the AB1600 (California Government Code Sections 66000 to 66025) and the 1975 Quimby Act (California Government Code Section 66477), as applicable.

Provide backup documentation for assumptions to enable City staff to update fees in the future.

- C. Standards should be consistent with the General Plan/Coastal Land Use Plan.
- D. Clear language and readability should be strongly emphasized.
- E. The format should be easy to use for staff, the public, and applicants, as well as the Planning Commission and City Council.
- F. Tables, charts, diagrams, and other graphical means should be used to express concepts where possible.

3. DELIVERABLES

At a minimum, the following deliverables shall be provided to the City by the selected consultant:

- A detailed Work Program and Schedule
- An Administrative Review Draft
- A Draft Commercial/Housing Nexus Study and Affordable Housing Impact Fee, incorporating any final changes requested by the City to begin the public review process.

4. SCHEDULE

Listed below is the projected schedule for the requested services. The City anticipates that the consultant would begin work on the project no later than May 6, 2009. The final report will need to be completed by about July 21, 2009. Proposals should address your firm's ability to meet the projected schedule below as well as any suggestions that you may have regarding the schedule or deadlines.

- | | |
|------------------------------------|----------------|
| • Issue RFP | March 2, 2009 |
| • PROPOSALS DUE TO CITY | March 30, 2009 |
| • Consultant contract executed | May 6, 2009 |
| • Administrative Draft Due to City | June 2, 2009 |
| • Final Admin Report Due to City | June 30, 2009 |
| • Attend City Council Meeting | July 21, 2009 |

5. SUBMITTAL OF PROPOSALS

The proposal should be received by the City via e-mail no later than 5:00 p.m. on Friday, March 30, 2009. The e-mail should be addressed to awells@cityofgoleta.org. This should be followed by one paper copy, which should be addressed to the City Clerk's Office, City of Goleta, 130 Cremona Drive, Suite B, Goleta, California, 93117.

6. EVALUATION & SELECTION

In selecting a consultant, the following factors will be considered in evaluating the proposals:

- Quality and creativity of the proposal
- Thoroughness and comprehension in addressing the Scope of Work
- Experience and qualifications of the firm and its project team with similar projects
- Commitment to the proposed schedule
- The firm's willingness and ability to work closely with City staff
- Clarity of writing and technical abilities

7. ADDITIONAL INFORMATION

All responses to this Request for Proposals will become the property of the City of Goleta. All data, documents, and other projects used or developed during the project will remain the property of the City or in the public domain upon completion of the project.

The City reserves the right to modify or cancel this Request for Proposals in part or in its entirety and to accept or reject any or all of the proposals it receives. The City also reserves the right to negotiate with the selected firm to revise the work program and the costs of services, if necessary, to more closely match City needs.

If your firm is awarded the contract, your services (as well as those provided by other members of your team) will be subject to the terms of the Standard Agreement for Services of Independent Contractor, which is attached. If you take exception to any of the terms, your concerns or exceptions must be expressly stated in your proposal. Please note in particular the terms that relate to nondiscrimination and to news release and other media contacts, as well as the standard indemnification and insurance provisions of the Agreement.

Attachment 2
EPS, Inc. Proposal

Proposal

The Economics of Land Use



Commercial/Housing Nexus Study and Affordable Housing Impact Fees

Prepared for:

City of Goleta

Prepared by:

Economic & Planning Systems, Inc.

*Economic & Planning Systems, Inc.
2150 River Plaza Drive, Suite 400
Sacramento, CA 95833-3883
916 649 8010 tel
916 649 2070 fax*

*Berkeley
Sacramento
Denver*

www.epsys.com

March 27, 2009

EPS #19440

March 27, 2009

Anne Wells
Advance Planning Manager
City of Goleta
130 Cremona Drive, Suite B
Goleta, California 93117

Subject: Proposal to Prepare Commercial/Housing Nexus Study and
Affordable Housing Impact Fees; EPS #19440

Dear Anne:

Economic & Planning Systems, Inc., (EPS) appreciates the opportunity to continue to support the City of Goleta (City)'s policy and program development as it matures as a jurisdiction. EPS has prepared a proposed work program based on your request for proposals (RFP), dated March 2, 2009, and the relevant Housing Element subpolicies.

As you know, EPS has provided consulting services to the City for several major initiatives, including initial incorporation. Most recently, EPS conducted a feasibility analysis related to the City's inclusionary housing requirements. That effort, in addition to other projects undertaken for the City and Santa Barbara County (County), will streamline the work described in the RFP.

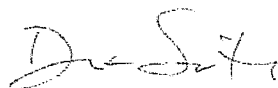
EPS has prepared a detailed work program and budget for your consideration. The estimated budget for the five tasks presented is **\$64,750** including a public outreach effort. We understand that the City may wish to select only some of the tasks for completion at this time. While EPS recommends undertaking all described tasks, the majority of the tasks can be undertaken separately and EPS will be pleased to revise the scope and budget as needed.

EPS would use the same team of housing professionals who worked with the City on the inclusionary housing feasibility project. I would serve as Principal-in-Charge; and Susan Salley Veazey, former Affordable Housing Coordinator for the County, would serve as Project Manager. Walter Kieser, Managing Principal of EPS, would also be involved as a Project Advisor.

Again, EPS appreciates the opportunity to be considered for this significant assignment. Please call me at (510) 841-9190 or Susan Salley Veazey at (916) 649-8010 if you have questions regarding this proposal.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC.



Darin Smith
Principal

Economic & Planning Systems, Inc.
2150 River Plaza Drive, Suite 400
Sacramento, CA 95833-3883
916 649 8010 tel
916 649 2070 fax

Berkeley
Sacramento
Denver

www.epsys.com

List of Attachments

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Darin Smith, Principal
Susan Salley Veazey, Senior Technical Associate
Walter Kieser, Managing Principal



**Attachment A:
Work Program**

Attachment A Work Program City of Goleta Housing Linkage Fee Study

The City of Goleta (City) has laid out a significant set of policies in its Housing Element pertaining to affordable housing development. Along with the requirement that a certain percentage of homes built in a subdivision be restricted to lower or moderate income families, the City is considering several development fees associated with new residential and nonresidential construction and redevelopment projects. It is EPS's understanding that the City is seeking consulting services to provide the appropriate nexus analyses and best practice recommendations so that it can adopt a well-formulated set of in-lieu fees that can be adjusted over time as incomes and construction costs fluctuate.

A recent court decision by the State's 5th Appellate Court, *Building Industry Association of Central California et. al. v. City of Patterson*, has called into question affordable housing in-lieu fees for which a proper nexus study has not been completed. The full impact of this case has yet to be determined, but it underscores the importance of the analyses being requested by the City.

The Housing Element policies and the City's request for proposals indicate the City is interested in several assignments related to establishing fees related to affordable housing. EPS is prepared and qualified to undertake each of the requested tasks, the descriptions and estimated budgets of which follow.

Work Program

Task 1: Project Initiation and Work Program Development

Immediately on receipt of an executed contract or a notice to proceed, EPS will develop a draft, detailed work program schedule and create a list of data needs. EPS will meet with City staff to discuss and refine the detailed work schedule to meet the City's goals and deadlines and to gather data required for undertaking the required tasks. At this meeting, EPS will also begin discussions with the City regarding the merits of alternative approaches to the fees that may be assessed on residential development. The methodologies, implementation, and legal considerations for an "inclusionary housing in-lieu fee" may vary from those of an "impact fee," and the group should begin to discuss (with the City Attorney's assistance) the goals of the City and the alternative approaches that may be taken to achieve those goals.

Budget Estimate: \$3,330

Task 2: Housing Production Cost and Revenue Assumptions and Analysis

For the Commercial/Housing Nexus Study (**Task 3**) and the Residential Affordable Housing Fees (**Task 4**), it will be necessary to estimate the costs of producing housing that is appropriate at various income levels, as well as the prices at which such homes would be considered "affordable" at various income levels. In this task, EPS will work with City staff to determine an appropriate range of housing types (e.g., multifamily, townhomes, or single-family homes) for each affordable income category, as well as the tenures, sizes, densities, and other

characteristics of such homes. EPS will also work with staff to select key assumptions regarding affordable prices, such as the number of occupants per bedroom, the percentage of household income dedicated to housing costs, and the maximum incomes reflective of each income category (e.g., should "moderate" income be assumed at 120 percent of median income or something less?). From EPS's 2008 work with Goleta staff regarding the financial implications of alternative inclusionary housing requirements, EPS has assembled some of this information already, and we will review the past assumptions during our meeting under **Task 1**.

After these assumptions are vetted and determined with City staff, EPS will estimate the costs of producing the appropriate affordable units, and the prices at which such units would be made available. As necessary, EPS will conduct discussions with regionally active developers of market-rate and affordable housing to ensure that the cost and revenue assumptions reflect local standards. From this analysis, EPS will estimate the financial gap or subsidy required for housing production at each level of affordability. A draft technical memorandum will be produced for staff review.

Budget Estimate: \$6,190

Task 3: Commercial/Housing Nexus Study

The logic of assessing nonresidential construction on a per-square-foot charge for affordable housing development is based on the assumption that employment-generating land uses impact the demand for and supply of affordable housing in the City. Nonresidential development supports employers who are likely to pay some of their employees an hourly wage or salary that is not sufficient to allow those employees to obtain housing at market pricing. Some employment types create a higher demand for low-wage employment than others; for example, a hotel may create more low-wage employment than a research and development facility.

EPS will conduct a linkage fee nexus study to calculate a fee that can be charged to commercial development to generate revenues to provide housing for their lower-income employees. This calculation requires that EPS achieve the following:

1. Obtain and synthesize data regarding the incomes of employees in various occupations or industries in Goleta.
2. Assign those employees to various sorts of commercial buildings (hotel, office, retail, industrial, multi-media center, etc.).
3. Determine the likelihood of those employees to form households alone or with families.
4. Determine the likelihood of those employees to reside in Goleta, as opposed to commuting from outside the City.
5. Calculate the number of households to be located in Goleta at certain income levels.
6. Calculate the aggregate cost of subsidizing the production of housing for lower-income employees (using the results from **Task 2**).
7. Divide the aggregate housing subsidy cost by the square footage of commercial buildings, based on employee densities in various industries and building types.

Following these technical efforts, a maximum supportable commercial linkage fee will be established for a variety of commercial development types. However, many jurisdictions find the maximum fees to be too onerous, and choose to implement a lower fee that has a more reasonable impact on commercial development costs and thus is less likely to negatively affect a city's economic development objectives. In addition, it is recognized that other programs may be available to assist in providing or subsidizing affordable housing, so that the entire burden of providing housing for lower-wage employees may not need to be borne by commercial developers or employers. To assist Goleta in discussing these sensitive issues, EPS will review the commercial/housing fees enacted in other jurisdictions to compare the maximum supportable fee to the actual fees implemented.

The Housing Element policies indicate the City's interest in allowing alternatives to linkage fee payment by nonresidential developers. Some developers or employers may provide housing on or off their project site for employees or provide direct financial support, in addition to wages, to their employees to help defray housing costs. To assist the City with policy options related to the nonresidential linkage fee, EPS proposes to research practices in other communities and present the City with best practices in nonresidential linkage fee implementation. This review will also address an approach to determining what level of fee alternatives will constitute an equivalent or adequate contribution from the developer/employer to the City's worker-generated affordable housing needs.

The results of this nexus analysis will be presented to the City in the form of one administrative draft report and one final nexus study report. The report will present the maximum fees estimated by the calculation methodology, as well as recommended fee levels, alternatives to fees, and methods for preparing annual fee updates. The budget for this task assumes one meeting with City staff and another presentation to the City Council.

Budget Estimate: \$23,000

Task 4: Residential Affordable Housing Fees

The standards for affordable housing in-lieu fees have traditionally been different from those of impact fees. The former have been enacted as an extension of jurisdictions' policy preferences regarding income diversity within their communities, while the latter requires more concrete nexus to be established between the development of market-rate housing, the impacts it creates in the local community, and the costs to mitigate those impacts. Recent case law has cast this distinction between in-lieu fees and impact fees into question, and jurisdictions must now consider which approach best achieves their policy goals while also being legally defensible.

Starting in **Task 1** of this assignment, EPS will discuss with City staff and the City Attorney the implications of different approaches (in-lieu vs. impact fee). Such implications may include the methodologies used to determine the fees, the likely comparative amounts of the fees under each approach (based on experience in other jurisdictions), and the implementation options that may enable each to be carried forward with limited exposure to legal challenge. Please note that EPS is not a law firm and cannot give legal advice. The following sub-tasks describe EPS's efforts regarding the residential fees.

Task 4a: Fee Survey from Comparable Jurisdictions

A comparison of similar fees charged by similar jurisdictions is important information for decision makers as they set initial exactions. EPS will review the residential in-lieu or impact fees of other coastal jurisdictions in California and will produce a set of discussion tables to assist staff and City Council members in selecting their preferred approach. The City may determine that EPS should conduct either types of analyses, or both.

Budget Estimate: \$3,870

Task 4b: Residential Affordable Housing In-Lieu Fees

Housing Element subpolicies 11.5 and 11.6 describe the mix of residential affordability the City seeks to achieve through new housing development. In certain cases, the City will permit developers of subdivisions to pay an in-lieu fee into the Affordable Housing Trust Fund rather than constructing the homes in the proposed development. Building on the previous work that EPS prepared for the City related to its inclusionary housing requirements and the findings of **Task 2** related to the costs of housing production, EPS will analyze the gap between the cost of housing development and household incomes to estimate in-lieu fees for subdivisions of the types described in both 11.5 and 11.6 of the Housing Element. EPS will prepare a memorandum and tables outlining the methodology and resulting fee calculations and the method for calculating annual updates, as well as a discussion of ways to evaluate alternative means of meeting the inclusionary requirements, such as land dedication, conversion of market-rate housing to deed-restricted affordable units, etc.

The budget for this task does not include any on-site public meetings; however, if **Tasks 3** and **4b** are both approved, EPS can present both studies at the same City Council meeting.

Budget Estimate: \$6,510

Task 4c: Residential Affordable Housing Impact Fees

If the City elects to pursue an impact fee rather than or in addition to a fee in lieu of an inclusionary housing requirement, EPS will establish the nexus between market-rate housing development and the demand for affordable housing in Goleta, and then establish a fee that offsets the cost of providing such affordable housing. EPS will estimate the demand for goods and services generated by the occupants of market-rate units, based upon typical income levels and consumer spending patterns. Using information derived in **Task 3**, EPS will then estimate the number of lower-wage workers required in Goleta to provide those goods and services, the number of households such workers will form in Goleta, and the cost to subsidize the production of affordable housing for those local, low-wage workers. The results of this analysis will be a maximum fee that can be charged to market-rate development to mitigate the demand for affordable housing that is generated by their local economic activity.

EPS will work with City staff to determine an appropriate methodology for charging the impact fee to different types of residential projects, including consideration of a straight or curved increase of the fees based on the size of each market rate home. EPS will also work with staff to determine whether the maximum housing impact fees should be reduced in light of contributions to affordable housing that may be made by local employers or commercial developers through the fees derived in **Task 3**. EPS will provide a memorandum clearly documenting the

methodology used to estimate the proposed fee(s) along with the recommended method for annual fee updates.

The budget for this task does not include any on-site public meetings; however, if **Tasks 3** and **4c** are both approved, EPS can present both studies at the same City Council meeting.

Budget Estimate: \$8,930

Task 5: Public Outreach

As mentioned above, budgets for **Tasks 1** through **5** include one on-site public presentation to City Council as requested in the request for proposals (RFP). In some jurisdictions, establishing affordable housing fees can be somewhat controversial, and staff may determine that a public process is appropriate. If the City is interested in consulting services to support a more extensive public process to involve stakeholders in the development of some of the assumptions required for the fee calculations, EPS would be pleased to provide those services. The budget for this outreach process would depend on the number of on-site meetings and presentations. The budget below presented assumes three on-site presentations/meetings with stakeholders or public bodies.

Budget Estimate: \$12,920

Personnel

Principal Darin Smith will serve as Principal-in-Charge of this project and will provide guidance and input as needed. Darin has extensive experience with the development and analysis of workforce housing linkage fees, inclusionary housing in-lieu fees, and inclusionary housing policies, and worked with the City in 2008 exploring the financial implications of alternative inclusionary housing requirements. Senior Technical Associate Susan Salley Veazey will serve as Project Manager and will conduct the day-to-day management of this project. Susan came to EPS with several years of experience in the field of affordable housing, including serving several years as the County of Santa Barbara's Affordable Housing Coordinator. She has managed several assignments related to the development of inclusionary housing fee programs, including the recent City inclusionary housing feasibility analysis. Managing Principal Walter Kieser will also participate in this assignment as a Project Advisor. Walter has participated in EPS's past work for the City, including overseeing the analyses supporting the City's incorporation. Résumés for Darin, Susan, and Walter are provided in **Attachment D**. In addition, one or more Associates or Research Analysts may assist in identifying, collecting, and analyzing data.

Budget

EPS estimates the total budget for this work program to be **\$64,750**. Each task builds upon the findings of former tasks, so efficiencies are seen in the budgets for later tasks. For instance, the cost of producing the Residential Affordable Housing Impact Fee (**Task 4c**) reflects the fact that much of the background work for that task will have been conducted in **Tasks 2 and 3**. If the City does not wish to approve all five tasks at this time, EPS would be pleased to revise the scope and budget accordingly. The completion of all tasks would, however, provide a solid basis

for generating resources for the City's Housing Trust Fund through development impact fees. A detailed budget is provided as **Table 1** in **Attachment B**.

EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount. Travel, data, or reproduction expenses will be billed at cost, and invoices are submitted monthly and are payable on receipt. If additional work or meetings are required, EPS will request authorization for additional budget with the understanding that terms would be negotiated in good faith. Billing rates for all EPS personnel are included in **Attachment B**.

Schedule

The RFP calls for a draft report in less than one month after execution of the contract. EPS will work diligently to meet the City's aggressive deadlines. The ability to meet the June 2, 2009, deadline may depend on the number of tasks approved. If all tasks are approved, particularly **Task 5**, EPS will need to work with staff to determine a practicable schedule that still meets any objective deadlines the City may have.



**Attachment B:
Budget Estimate**

Table 1
 Budget Estimate
 City of Goleta Housing Linkage Fee Study
 Economic & Planning Systems, Inc.; #19440

Task/ Description	PIC Smith	PM Veazey	Advisor Kieser	Other EPS Staff R.A.	Prod. Staff	Staff Cost Subtotal	Direct Costs [1]	Grand Total
Task 1: Project Initiation and Work Program Development	6	6	0	0	0	\$2,580	\$750	\$3,330
Task 2: Housing Production Cost and Revenue Assumptions	8	12	2	12	2	\$6,190	\$0	\$6,190
Task 3: Commercial/Housing Nexus Study	26	48	8	40	2	\$22,000	\$1,000	\$23,000
Task 4a: Fee Survey from Comparable Jurisdictions	4	8	0	12	2	\$3,870	\$0	\$3,870
Task 4b: Residential Affordable Housing In-Lieu Fees	8	16	2	8	2	\$6,510	\$0	\$6,510
Task 4c: Residential Affordable housing Impact Fees	12	16	4	16	2	\$8,930	\$0	\$8,930
Task 5: Public Outreach [2]	24	24	2	0	0	\$10,920	\$2,000	\$12,920
	82	124	18	88	10	\$58,420	\$3,000	\$61,420
TOTAL HOURS	88	130	18	88	10			
Billing Rates	\$245	\$185	\$300	\$105	\$75			
TOTAL PROJECT COSTS	\$21,560	\$24,050	\$5,400	\$9,240	\$750	\$61,000	\$3,750	\$64,750

"budget"

[1] Direct costs include travel costs, meals, shipping, printing and data acquisition.
 [2] Assumes three meetings attended by both the Principal and Project Manager.

2009 HOURLY BILLING RATES

Managing Principal	\$265-\$300
Principal	\$245
Senior Vice President	\$210
Vice President	\$195
Senior Technical Associate	\$160-\$185
Senior Associate	\$165
Associate	\$130
Research Analyst	\$80-\$110
Production and Administrative Staff	\$75

Billing rates updated annually.





**Attachment C:
Statement of Qualifications**

ABOUT EPS

The Firm EPS is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.

Guiding Principle EPS was founded on the principle that real estate development and land use-related public policy should be built on realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.

Areas of Expertise

- Real Estate Market and Feasibility Analysis
- Public Finance
- Fiscal and Economic Impact Analysis
- Reuse, Revitalization, and Redevelopment
- Asset Valuation and Repositioning
- Housing Development Feasibility and Policy
- Regional Economics and Industry Analysis
- Land Use Planning and Growth Management
- Open Space and Resource Conservation
- Government Organization
- Transportation Planning and Analysis

Clients Served Since 1983, EPS has provided consulting services to hundreds of public- and private-sector clients in California and throughout the United States. Clients include cities, counties, special districts, multijurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.

Staff Capabilities The professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and computer applications. EPS excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.

EPS Locations Berkeley, California
Sacramento, California
Denver, Colorado

EPS Web Site www.epsys.com



Philosophy

The availability of several housing options affordable to a range of income levels is essential to sustaining communities and must be addressed at both the regional and local levels. Without strategies to maintain housing options and affordability, the economic opportunities and quality of life aspects that originally led to high housing demand and high property values will be lost.

Services Provided

EPS provides a range of services related to housing policy and provision. EPS clients for affordable housing projects include both public-sector and private-sector organizations, reflective of EPS's commitment to objective economic analysis of policies and projects. Services include Housing Element preparation, regional housing needs analysis, jobs/housing linkages and housing in-lieu fee analysis, growth studies, affordable housing market and feasibility analysis, affordable housing program design and evaluation, and housing financing strategies.

Representative Projects

Commercial Housing Linkage Fees

- Sonoma County, California
- City of Folsom, California
- City of Alameda, California
- City of Santa Barbara, California
- City of Newark, California

Inclusionary Housing Ordinances and In-Lieu Fees

- City of San Bruno, California
- City of Newport Beach, California
- City of Larkspur, California
- City of Lafayette, California
- City of Santa Rosa, California
- Sonoma County, California
- City of Napa, California
- Sutter County, California
- City of Goleta, California

Comprehensive Housing Strategies and Policies

- City of San Mateo, California
- San Mateo County, California
- City of Santa Rosa, California
- City of Santa Barbara, California
- City of Aspen, Colorado

Selected Project Profiles

Goleta Inclusionary Housing Feasibility Study

Goleta, California

The City of Goleta retained EPS to evaluate the financial feasibility of its inclusionary housing policies. The City's Housing Element required new housing developments of five or more units to provide a percentage of homes for households earning lower and moderate incomes. EPS developed a feasibility model using several inclusionary housing scenarios, current market home pricing, and construction cost information provided by a local residential developer. EPS determined the residual land value and potential profit for each scenario.

Sonoma County Workforce Housing Linkage Fee Program

Sonoma County, California

The Bay Area housing market has become increasingly expensive in recent years, with median home prices rising nearly 100 percent over 5 years in some areas. Rapid employment growth coupled with limited land supply has led to this situation. In Sonoma County, home prices have increased significantly and, for new workers in the County's expanding employment base, finding housing that is affordable has become increasingly difficult.

A coalition of the nine cities in Sonoma County and the County government commissioned EPS to conduct a study of the nexus between employment and housing and to propose a countywide approach to the affordable-housing shortage. This study involved evaluating the employment and commuting patterns and trends in Sonoma County, the income distribution among future jobs in the County, the costs to build and acquire market-rate and affordable housing, and the various programs currently in place to address housing affordability issues. EPS established the relation between employment growth and housing prices and recommended an impact fee that assigned some financial costs of developing affordable housing back to the employers whose expansion contributed to housing demand.

Santa Barbara Affordable Housing Fee Programs

Santa Barbara, California

In the midst of rapidly escalating housing costs, the City of Santa Barbara experienced a housing crisis along with many other California cities. As a relatively wealthy municipality, Santa Barbara had several programs in place to address the needs of very low- and low-income families, but housing remained unaffordable to many moderate- and above moderate-income households. EPS was retained by the City of Santa Barbara to prepare a comprehensive study of affordable housing needs and to create a two-tiered fee structure to fund future affordable housing development to better address the needs of these middle-income families.

To estimate existing and future need for affordable housing in Santa Barbara, EPS examined employment growth, commuting patterns, and other economic and demographic changes in the region. This information was used to estimate the amount of funding needed to bridge the gap between market housing costs and the ability of families at different income levels to pay for housing. Using the housing needs assessment as a basis, EPS developed an inclusionary housing fee program that required residential developers to make a certain percentage of all new housing units developed affordable to moderate- and above moderate-income households. EPS also designed a jobs-housing linkage fee, again based on the housing needs assessment, which

established the connection between nonresidential development in the City of Santa Barbara and increased demand for affordable housing and set a fee based on nonresidential development's "fair share" of affordable housing costs.

Folsom Jobs/Housing Linkage Fee

Folsom, California

The City of Folsom, like many California communities, faced a shortage of housing units affordable to lower income residents. Employment growth in the City had resulted in an increased demand for housing, contributing to higher home prices throughout the City, thereby exacerbating the housing supply shortage.

EPS was retained to evaluate the linkage between employment growth and housing demand in the City of Folsom, and to calculate a fee to be paid by nonresidential development for the purpose of constructing additional affordable housing. For this analysis, EPS projected future employment growth by industry and occupation expected to take place in the City. Specifically, EPS identified the number of new employees likely to seek residence in the City of Folsom that earned wages in the low-income and very low-income brackets. Next, EPS conducted extensive market analysis to identify the cost of housing production in Folsom. These costs were compared with the ability of low-income and very low-income families to pay for housing, and a per-unit subsidy requirement was estimated. Using this information, EPS calculated the nonresidential affordable housing fee under different policy scenarios, and provided recommendations to the City for implementation.

Newark Affordable Housing Fee Studies

Newark, California

Like many cities in the Bay Area, the City of Newark experienced a significant amount of new residential and nonresidential development activity throughout the latter half of the 1990s. As a result of this development, the value of remaining land in the City increased, making new housing developments less affordable to low-, very low-, and median-income families.

EPS assisted the City of Newark by performing the analysis needed to (1) establish an inclusionary housing policy and calculate an Affordable Housing In-Lieu Fee to be charged to residential development, and (2) calculate an Affordable Housing Linkage Fee to be charged to nonresidential development. For the Affordable Housing In-Lieu fee, EPS compared the cost of providing housing with the ability of low-income families to pay for it to calculate a funding gap and thus a fee. A similar funding gap was calculated for the Linkage Fee based on an estimate of the number of new lower paying jobs expected to be created in the City. City Council adopted all the fees developed by EPS.

Alameda Jobs/Housing Construction Requirements and Fees

Alameda, California

EPS developed an affordable housing requirement and in-lieu fee methodology for the City of Alameda to be used in adopting a housing impact fee for the City. The methodology provided the required legal nexus to establish an affordable housing fee. The report established the linkage between the type of development, the affordable housing requirement, and the amount and application of an in-lieu fee. A fee was established for retail, office, warehouse, manufacturing, and hotel/motel uses. EPS also prepared a report on the implementation of the

fee program. This report evaluated various financial options for meeting the requirements of the fee program and proposed a set of guidelines by which to apply the fee to new development.

Gilroy Inclusionary Housing Feasibility Study

Gilroy, California

The City of Gilroy considered creating an inclusionary housing policy that would apply to projects throughout the City, rather than just in certain areas as previous policy required. The City also wished to explore the potential to create a workforce housing linkage fee that would require developers of employment-generating development (e.g., retail, office) to contribute to the production of housing for the low-wage workers they employ. Working with City staff and a Housing Advisory Committee of local stakeholders—including for-profit and nonprofit builders, housing advocates, and elected officials—EPS assessed the ability of existing programs and policies to meet the City of Gilroy’s affordable housing goals and conducted a review of policies and best practices in the surrounding region. The City elected not to pursue a workforce housing linkage fee at the time; however, EPS did work with the advisory group to craft an inclusionary policy that would increase affordable housing production overall while maintaining a reasonable financial burden on housing developers. EPS drafted the inclusionary ordinance and calculated the in-lieu fee for developments that do not provide on-site affordable units.

Review of the Santa Barbara County Association of Governments Draft Regional Growth Forecast—2005–2040

Goleta, California

The Santa Barbara County Association of Governments (SBCAG) Regional Growth Forecast (RGF) was a primary input to the Regional Housing Needs Allocations (RHNA), and because of funding constraints likely in the RHNA process, review of the Draft RGF was of particular interest to the recently incorporated City of Goleta, which was also developing a new Housing Element.

EPS assisted the City of Goleta by reviewing the Draft RGF document for internal consistency and accuracy of calculations; for clarity and sufficiency in documenting assumptions and modeling methodology; for potential limitations and uncertainty in the ‘confidence’ that could be placed on the Draft RGF, based on the selection and application of cited references; and for implicit sensitivity of the Draft RGF to arbitrary or generalized modeling factors that might not adequately reflect local variations in Land Use, Development Policy, Market Conditions, Demographics, and Infrastructure Constraints.

Responding to the City of Goleta’s need for a quick turnaround of results, EPS prepared a series of technical memoranda and a summary report that examined Conceptual Modeling Issues, Modeling Methodology and Implementation Issues, and Projection Sensitivity Issues, with particular focus on the Goleta Draft Forecasts.

Goleta Incorporation Comprehensive Fiscal Analysis

Goleta, California

The Goleta area, which lies to the west of the City of Santa Barbara, was the subject of several incorporation efforts over several years. The proponents of the most recent effort sought to gain several benefits from incorporation, including local control over land use policies. The area was a major source of net revenue to Santa Barbara County and, with nearly 80,000 residents, represented almost half of the County’s unincorporated population and the majority of its revenue-generating development. As a result, incorporation raised significant issues related to

its potential impacts on Santa Barbara County and on services in the balance of the unincorporated areas. EPS prepared a Comprehensive Fiscal Analysis, including a public services plan and budget analysis, to evaluate the feasibility of a new city and to estimate potential County impacts. EPS's Fiscal Analysis and revenue-neutrality recommendations paved the way for the incorporation of Goleta, approved by voters in 2001.

Santa Barbara County Housing Element Technical Support and Inclusionary Housing Analysis

Santa Barbara County, California

The County of Santa Barbara's Long Range Planning Division contracted with EPS to carry out several assignments related to the County's 2009–2014 Housing Element update. EPS prepared the County's Housing Needs Assessment and supported the update of the County's evaluation of its previous Housing Element. In addition, the County requested a thorough analysis of its long-running inclusionary housing program as requested by County officials. EPS will review the inclusionary housing program's outcomes as well as best practices from other jurisdictions, to make recommendations for potential policy revisions.

Newport Beach In-Lieu Housing Fee

Newport Beach, California

The City of Newport Beach has maintained an inclusionary affordable housing policy in the Housing Element of their General Plan for many years. However, that policy has been implemented and negotiated on a project-by-project basis rather than set forth in an official ordinance that determines the types of units that must be provided and the amount of fees required if the developer chooses to pay fees in lieu of directly providing the units. EPS was hired to formalize the City's inclusionary housing policy by conducting a nexus study establishing the demand for affordable housing in Newport Beach, the costs of producing units to meet that demand, and a method of allocating those production costs among market-rate units. This technical analysis incorporated input from various local developers of market-rate and affordable housing, as well as a comparative review of inclusionary housing policies and programs in comparable cities. In addition to this technical analysis, EPS drafted a model ordinance that the City considered for adoption to formalize their long-standing policy.

Santa Barbara Affordable Housing Feasibility Analysis

Santa Barbara, California

The City of Santa Barbara sought to understand the feasibility and policy implications of developing affordable housing on nine City-owned properties located in the downtown area and used for surface parking. The City of Santa Barbara retained EPS to assist in determining which, if any, of the selected properties have merit as affordable housing sites and, if so, what steps can be taken to achieve this objective. EPS conducted an analysis of the feasibility of residential development (and possibly other supporting uses) occurring on the selected properties and the ability to replace existing parking capacity and assure adequate parking for new uses on the site. EPS worked with an architectural/planning firm to prepare development scenarios for the different sites.

Napa Inclusionary Housing Ordinance

Napa, California

The City of Napa, pursuant to Housing Element policy, sought to expand the provisions of its Affordable Housing Inclusionary Ordinance by increasing the inclusionary requirement from 10 to

20 percent in selected portions of the City zoned for multifamily housing. Concern was initially expressed to the City Council that such an increase could be economically infeasible and actually deter desired housing projects from occurring.

EPS was retained to participate with an ad hoc committee of stakeholders and prepare an economic analysis of the proposed increase in affordable housing requirements. The economic analysis included a review of market conditions and a pro forma analysis of development prototypes, and considered the beneficial effects of City-sponsored incentives for affordable housing. The analysis concluded that the proposed increase in inclusionary requirement from 10 to 20 percent would not deter desired housing developments. The City Council adopted the Affordable Housing Overlay District in November 2003.

Lafayette Affordable Housing Fee

Lafayette, California

The City of Lafayette's recently revised Housing Element of the General Plan includes a policy to establish an inclusionary housing ordinance. Negotiations over approvals for a single-family residential project in the redevelopment area (RDA) in spring 1998 resulted in the payment of an in-lieu affordable housing fee. The City decided to look into the feasibility of adopting a broader citywide in-lieu affordable housing fee.

EPS was retained to review the City of Lafayette's affordable housing policies and prepare a feasibility study of an affordable housing in-lieu fee. EPS estimated the cost of subsidizing affordable housing in the City of Lafayette to meet the City's affordable housing goals. Based on this subsidy amount, EPS estimated affordable housing in-lieu fees under different incidence assumptions and discussed policy options for achieving affordable housing goals.

Sutter County Housing Authority Affordable Housing In-Lieu Fee Calculation

Sutter County, California

The Sutter County Housing Authority requested EPS estimate an in-lieu fee based on the inclusionary housing recommendations put forth in the Sacramento Area Council of Governments (SACOG) Compact. The purpose of the calculation was to determine the amount of a fee required to produce a unit of affordable housing if the market-rate developer opted to pay a fee rather than construct affordable units in his project. EPS conducted a financing gap analysis by using several housing prototypes and affordability scenarios. Cost data were provided by a subconsultant with many years of experience in affordable housing development.

San Bruno Affordable Housing In-Lieu Fee

San Bruno, California

The City of San Bruno adopted an inclusionary housing ordinance requiring residential developers to offer a certain percentage of homes in their new projects at below market rates. As an alternative, the developers of some projects are allowed to pay a fee in-lieu of providing the units. The City retained EPS to calculate the appropriate in-lieu fee, given land and construction costs, the restricted value of affordable units, and policy considerations such as the proportion of units required at various income levels and the appropriate unit types for lower-income households. EPS worked with City staff, local for-profit and nonprofit developers, and affordable housing advocates to build consensus on assumptions and calculate an appropriate in-lieu fee. EPS also reviewed the practices of surrounding jurisdictions to understand their inclusionary requirements and fee calculation methodology.

San Mateo Affordable Housing Policy Analysis

San Mateo, California

The City of San Mateo conducted a comprehensive review of its land use and affordable housing policies. Various ordinances, voter initiatives, and policy directives prescribed the City's approaches to affordable housing provision. EPS was retained to evaluate the potential for improvements and efficiencies within this context. Through meetings with the general public and specific stakeholders, as well as analysis of legal requirements, market and feasibility considerations, and best practices in surrounding jurisdictions, EPS helped the City define a range of policy and programmatic alternatives that could increase the supply of affordable housing without having unintended deleterious effects on the community or economic development initiatives. As part of this work, EPS calculated an in-lieu fee that developers could pay as part of meeting their inclusionary housing obligation.

Larkspur Affordable Housing In-Lieu Fee

Larkspur, California

The City of Larkspur adopted an inclusionary housing ordinance requiring residential developers to offer a certain percentage of homes in their new projects at below market rates. As an alternative, the developers of some projects were allowed to pay a fee in-lieu of providing the units. The City retained EPS to calculate the appropriate in-lieu fee, given land and construction costs, the restricted value of affordable units, and policy considerations such as the proportion of units required at various income levels and the appropriate unit types for lower income households. EPS worked with City staff, local for-profit and nonprofit developers, and affordable housing advocates to build consensus on assumptions and calculate an appropriate in-lieu fee. EPS also reviewed the practices of surrounding jurisdictions to understand their inclusionary requirements and fee calculation methodology.

Folsom Inclusionary Housing

Folsom, California

The City of Folsom embarked on the task of adopting a multifaceted program to provide for affordable housing in the City and was interested in adopting a new inclusionary zoning ordinance to replace the existing inclusionary zoning policy. The City of Folsom wished to involve both the public and the real estate community in adopting such a policy and planned a series of community meetings with citizens and business leaders to collect comment on the proposal.

The City of Folsom engaged EPS to analyze the economic impact of the proposed inclusionary housing policy to prepare information to present to attendees of these meetings. EPS reviewed the draft ordinance and policy options, conducted an in-lieu program cost analysis and a burden incidence analysis, evaluated the economic implications of affordable housing program, and prepared a presentation of the inclusionary housing requirement.

City of Winters 2008 Housing Element Update

Winters, California

The City of Winters retained EPS to complete the 2008 update of their Housing Element and Housing Needs Assessment documents to meet the requirements of the State Housing and Community Development Department. The City had limited resources and limited staffing to carry out the HCD mandates. EPS consultants worked efficiently within a limited budget to prepare draft documents and supported the City with their public outreach so that the City could meet its deadlines.

REFERENCES

Jennifer Barrett, Deputy Planning Director

Sonoma County Planning and Resource Management Division

2550 Ventura Avenue

Santa Rosa, CA 95403

(707) 565-2336

JBARRET1@sonoma-county.org

Sonoma County Housing Element and Sonoma County Inclusionary Policy

Dan Maguire, Housing Programs Manager

City of Winters

318 First Street

Winters, CA 95694

(530) 795-4910 x 118

daniel.maguire@cityofwinters.org

City of Winters Housing Element

Chuck Regalia, Deputy Director of Planning

City of Santa Rosa Planning Department

100 Santa Rosa Avenue

Santa Rosa, CA 95404

(707) 543-3189

CRegalia@srcity.org

Sonoma County Workforce Housing Study and Santa Rosa Affordable Housing In-Lieu Fee Study

Peter Dreier, Housing Director

City of Napa Housing Authority

P.O. Box 660

Napa, CA 94559

(707) 257-9543

Napa Affordable Housing Ordinance



**Attachment D:
Résumés**

DARIN SMITH, PRINCIPAL

Darin Smith is a real estate economist with broad experience providing strategic advice to public and private clients on the economic and financial dimensions of land use and real estate development. Darin has helped numerous jurisdictions create strategies to promote development of affordable housing, including inclusionary policies, in-lieu fees, jobs/housing linkage fees, and developer exactions. He also has particular expertise in urban redevelopment projects large and small, negotiating public/private development and financing agreements, evaluating opportunities for transit-oriented development, and creating downtown revitalization strategies and policies.

SELECTED HOUSING PROJECT MANAGEMENT EXPERIENCE

Sonoma County Housing Element, Sonoma County, CA

EPS prepared a Housing Element document to bring Sonoma County's policy documents into compliance with State law. EPS's work included an inventory of housing supply and demand for special populations, a review of the character and effectiveness of existing policies, recommendations for new policies, and documentation of available sites for new housing.

Inclusionary Housing Programs and In-Lieu Fees, Various CA Jurisdictions

For the Cities of Laguna Beach, Gilroy, Larkspur, San Bruno, and Newport Beach and the County of Sonoma, EPS has prepared ordinances requiring developers to provide affordable units within their market-rate developments or, under certain circumstances, to pay fees in-lieu of providing affordable units.

Workforce Housing Ordinances, Sonoma County, CA

The various cities and County of Sonoma commissioned EPS to conduct a nexus study on the linkage between employment growth and demand for affordable housing. EPS determined the housing needs created by new retail, office, and industrial development, and drafted a linkage fee ordinance which has been adopted by several cities and the County.

San Mateo Affordable Housing Policy Review, San Mateo, CA

For the City of San Mateo, EPS has worked with for-profit and nonprofit housing developers to evaluate and recommend policy options that can enhance the production of affordable housing while minimizing adverse effects on the production of market-rate housing.

Saltillo District Master Plan, Austin, TX

For the City of Austin and Capitol Metro, EPS provided market and feasibility analysis for the development of publicly-owned land, including an extensive analysis of affordable housing alternatives and an investigation of nationwide "best-practices" to stem the effects of gentrification in transitioning neighborhoods.

EDUCATION

Master of City Planning,
University of Pennsylvania,
1997

Bachelor of Arts in
Psychology, University of
Pennsylvania, 1993

PREVIOUS EMPLOYMENT

Real Estate and Urban
Planning Consultant, ZHA,
Inc., Annapolis, MD,
1997-2000

Retail Site Selection
Consultant, Pep Boys,
Inc., Philadelphia, PA,
1996-1997

HONORS + AWARDS

Congress for the New
Urbanism "Award of
Excellence" 2001 - Robert
Mueller Municipal Airport
Reuse Plan, Austin, TX

FTA/FHWA/APA
"Transportation Planning
Excellence Award" 2004—
Valley Metro Rail Station
Development
Opportunities and
Strategies, Phoenix, AZ

California APA "Award of
Merit for Planning
Implementation" 2002—
Sonoma County Housing
Element, Sonoma County,
CA

California AIA and APA
"Awhanee Award of
Honor" 2002—Hayward
Cannery Area Design Plan

Speaker—Best Practices in
Transit-Oriented
Development,
Rail~Volution National
Conference, 2007 and
2008

Panelist—Urban Land
Institute San Francisco
Bay Area Transit-Oriented
Development
Opportunities, 2007 and
2008

Lecturer—Bay Area
Housing Dynamics,
Leadership San Francisco,
Class of 2007, 2008, and
2009

The Economics of Land Use



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510 841 9208 fax

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SUSAN SALLEY VEAZEY, SENIOR TECHNICAL ASSOCIATE

Susan Salley Veazey has expertise in the areas of housing needs assessments, inclusionary housing fee development, financial feasibility analysis, redevelopment, development fee nexus studies, and market analysis. Susan works on affordable housing projects, such as Housing Element preparation and inclusionary zoning studies, and advises local governments and private developers on issues related to income-restricted housing.

Susan came to EPS with 8 years of experience in the field of affordable housing policy and program development. She began her career with the U.S. Department of Housing and Urban Development, where she gained substantial public policy experience. Susan then worked for Santa Barbara County, developing and implementing affordable housing financing programs.

SELECTED EPS PROJECT EXPERIENCE

Santa Barbara County Housing Element Technical Support and Inclusionary Housing Program Analysis

Prepared housing needs study and evaluation of previous Housing Element programs. Analyzing inclusionary housing production to provide policy recommendations to County.

City of Goleta Inclusionary Housing Feasibility Study

Prepared financial model to assess the potential developer profit and residual land value under several inclusionary housing scenarios.

Sonoma County Housing Element Technical Report

Gathered and analyzed data, compiled and wrote report, and presented findings related to preparing the Housing Element.

Winters Housing Element

Prepared State-required documents, including gathering and analyzing all data, reviewing policy, conducting public workshop, and analyzing site inventory.

Sutter County Housing Authority Inclusionary Fee Calculation

Analyzed gap financing and calculated inclusionary in-lieu fees.

Yuba County General Plan Update

Evaluated Yuba County economic dynamics to support General Plan Update.

Kings Beach and Tahoe City Redevelopment Market Study

Analyzed demographic and market data. Recommended implementation strategy for redevelopment areas.

West Sacramento Redevelopment Area (multiple clients)

Evaluated financial feasibility using static pro forma model for proposed residential, office, and mixed use development. Calculated tax-increment generation for single and multiple developments.

EDUCATION

Master of Arts, Urban Planning, University of California, Los Angeles, 1990

Bachelor of Arts, International Relations, University of California, Davis, 1987

Housing Development Finance Professional Certification, National Development Council, 1997

School of Mortgage Banking Courses I and II, Mortgage Bankers' Association

PREVIOUS EMPLOYMENT

Affordable Housing Program Coordinator, Santa Barbara County

Policy/Program Specialist, U.S. Department of Housing and Urban Development, Washington, DC

Consultant, Rural California Housing Corporation, Sacramento

Planning Consultant, Community Services Planning Council, Sacramento

AFFILIATIONS

Executive Board, Community Housing Opportunities Corporation (2005 - 2008)

California Association of Local Housing Finance Agencies

PUBLICATION

Fair Share Housing in California: California Changes its Housing Element Law

The Economics of Land Use



Economic & Planning Systems, Inc.
2150 River Plaza Drive, Suite 400
Sacramento, CA 95833-3883
916 649 8010 tel
916 649 2070 fax

Berkeley
Sacramento
Denver

WALTER F. KIESER, MANAGING PRINCIPAL

Walter Kieser is a land use planner and urban economist who, during his 35-year professional career, has specialized in managing complex land use planning and conservation projects; preparing economic and financial analyses and implementation programs; and facilitating large-scale real estate transactions. This broad-based expertise has provided balanced and pragmatic solutions, ensuring that land use, conservation, reorganization and facility plans can be successfully implemented, that infrastructure and government services can be adequately created and sustained, and that real estate projects can meet private-sector financial objectives while supporting public policy objectives.

Mr. Kieser is a Founder and Managing Principal of Economic & Planning Systems, Inc., an urban economics consulting firm with offices in Berkeley, Sacramento, and Denver. The firm serves public and private sector clients throughout the United States.

SELECTED PROJECT EXPERIENCE

Goleta Incorporation CFA, Goleta, CA

EPS prepared a Comprehensive Fiscal Analysis, including a public services plan and budget analysis, to evaluate the feasibility of a new city and to estimate potential County impacts.

Inclusionary Housing Programs and In-Lieu Fees, Various CA Jurisdictions

For the Cities of Lafayette, Napa, Newark, Newport Beach, Santa Barbara, and Santa Rosa and the Counties of Sonoma and Sutter, EPS has prepared ordinances requiring developers to provide affordable units within their market-rate developments or, under certain circumstances, to pay fees in-lieu of providing affordable units.

Commercial Linkage Fee Ordinances, Various CA Jurisdictions

For jurisdictions including the cities of Alameda, Santa Barbara, Folsom, Rohnert Park, Petaluma, and the County of Sonoma, EPS has conducted nexus studies on the linkage between employment growth and demand for affordable housing. EPS determined the housing needs created by new retail, office, and industrial development, and drafted linkage fee ordinances which have been adopted by several cities and the County.

Sonoma County Housing Element, Sonoma County, CA

EPS prepared a Housing Element document to bring Sonoma County's policy documents into compliance with State law. EPS's work included an inventory of housing supply and demand for special populations, a review of the character and effectiveness of existing policies, recommendations for new policies, and documentation of available sites for new housing.

EDUCATION

Bachelor of Arts degree in Environmental Studies and Biology from Sonoma State University (SSU) in 1974

Graduate course work in economics and public administration at SSU and the University of California, Berkeley

AFFILIATIONS

American Planning Association, Member

California Association of Local Agency Formation Commissions, Associate Member

HONORS + AWARDS

FTA/FHWA/APA "Transportation Planning Excellence Award" 2004 - Valley Metro Rail Station Development Opportunities and Strategies, Phoenix, AZ

California APA "Award of Merit for Planning Implementation" 2002 - Sonoma County Housing Element, Sonoma County, CA

The Economics of Land Use



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Attachment 3
Agreement for Professional Services
Amendment No. 1

**AMENDMENT NO. 1
TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE CITY OF GOLETA AND
ECONOMIC & PLANNING SYSTEMS, INC.**

This First Amendment to Professional Services Agreement (AGREEMENT) between the City of Goleta (CITY), a municipal corporation and Economic & Planning Systems, Inc. (CONSULTANT) dated June 3, 2008 is made on this 5th day of May, 2009.

WHEREAS, the AGREEMENT between CITY and CONSULTANT currently provides in Section 6 for termination of the agreement on June 30, 2009; and,

WHEREAS, the parties desire to include additional and unanticipated work by the CONSULTANT that was not included in Section 2 "Scope of Work" to address a Housing Impact Fee Study; and,

WHEREAS, the AGREEMENT between the CITY and CONSULTANT currently provides the total compensation shall not exceed twelve thousand five hundred dollars (\$12,500); and services that include the Affordable Housing Inclusionary Rate Study; and,

WHEREAS, the parties desire to amend the AGREEMENT so as to provide additional compensation in the amount of fifty-two thousand five hundred dollars (\$52,500) to prepare an Affordable Housing Impact Fee Study; and,

WHEREAS, the City Manager was delegated authority to sign this amendment by the City Council on this 5th day of May, 2009.

Now therefore CITY and CONSULTANT agree as follows that the AGREEMENT be, and hereby is, amended as follows:

1. Paragraph (a) of Section 3. COMPENSATION AND PAYMENT of the AGREEMENT is amended to provide an additional fifty-two thousand five hundred dollars (\$52,500) for a total not to exceed amount of sixty-five thousand dollars (\$65,000).
2. Exhibit B entitled COMPENSATION is amended and replaced by Exhibit B-1 attached hereto.
3. Section 2 DESCRIPTION OF SERVICES is amended to include the following additional language:

Professional services shall generally include the Affordable Housing Inclusionary Rate Study, as more particularly set forth in the Scope of Services, attached as Exhibit "A-1," and incorporated herein. Consultant shall deliver to City the deliverables defined in Exhibit "A-1".

4. Section 6. of the agreement TERM, PROGRESS AND COMPLETION is amended to extend the termination of the agreement to October 31, 2009.

All other provision of the agreement shall remain in full force and affect.

In witness whereof, this First Amendment has been executed by the parties effective on the date and year first written above.

CITY OF GOLETA

CONSULTANT

Daniel Singer, City Manager

Walter F. Keiser

ATTEST:

Deborah Constantino, City Clerk

APPROVED AS TO FORM

Tim W. Giles, City Attorney

EXHIBIT A-1 SCOPE OF SERVICES

- A. **Commercial/Housing Nexus Study:** Consultant shall complete a Commercial/Housing Nexus Study and document the relationship between job growth and affordable housing needs of various types of development. Various types of development include, but are not limited to, hotels, multimedia centers, retail, office, other commercial, or industrial buildings.

Consultant shall provide a description of the linkage between jobs and housing.

The study shall determine appropriate and possible contributions for affordable housing from nonresidential uses and residential uses.

The proposed amount of floor area and type of nonresidential use should be factors in establishing the requirement for individual projects.

The study shall include a range of alternatives to satisfy an affordable housing requirement such as payment of in lieu housing impact fees, provision of housing on site, construction of housing off site, housing assistance as part of employee benefit packages, or other alternatives of similar value.

- B. **Affordable Housing Impact Fee Study:** Consultant shall complete a study of affordable housing impact fees with a presentation of residential and non-residential impact fees of relevant jurisdictions, preferably in the Coastal Zone.

Consultant shall justify and propose fees for both new nonresidential and residential development.

Exaction requirements for fees shall be based on empirical evidence to comply with applicable legal tests. Present the results of the study in compliance with the AB1600 (California Government Code Sections 66000 to 66025) and the 1975 Quimby Act (California Government Code Section 66477), as applicable.

Consultant shall provide backup documentation for assumptions to enable City staff to update fees in the future.

EXHIBIT B-1 COMPENSATION

This as-need scope of services (Tasks A and A of EXHIBIT A-1) is for a total not-to-exceed amount of \$52,500 for the consultant's time. See attached Rate Sheet.

2009 HOURLY BILLING RATES

Managing Principal \$265-\$300

Principal \$245

Senior Vice President \$210

Vice President \$195

Senior Technical Associate \$160-\$185

Senior Associate \$165

Associate \$130

Research Analyst \$80-\$110

Production and Administrative Staff \$75

Billing rates updated annually.

