

Cost Analysis of Amendments to the Land Development Fee Schedule

December 18, 2018

The Contra Costa County Department of Conservation and Development (DCD) proposes amendments to the Land Development Fee Schedule that revises two existing fees and adds two new fees as shown on the tables below:

Revisions to Land Development Fee Schedule

Fee Schedule Code	Fee Name	Fee
S-IH1	FOR SALE HOUSING IN-LIEU FEE	\$6,600.06 per market rate unit. Fee equals 12% of total number of units in the development times \$0 plus 3% of total number of units in the development times \$220,002; i.e., $((0.12 \times \text{total units}) \times 0) + ((0.03 \times \text{total units}) \times 220,002)$.
S-IH2	RENTAL HOUSING IN-LIEU FEE	\$24,200.55 per market rate unit. Fee equals 12% of total number of units in the development times \$130,350 plus 3% of total number of units in the development times \$285,285; i.e., $[((0.12 \times \text{total units}) \times (\$2,376)) + ((0.03 \times \text{total units}) \times (\$5,184))] \times (55 \text{ years})$.

Additions to Land Development Fee Schedule

Fee Schedule Code	Fee Name	Fee
S-060N	Cannabis Letter of Intent Review	\$500 Fee
S-060P	Cannabis Proposal Review	\$2,500 Fee

Cost Analysis of Revisions to Inclusionary Housing Ordinance In-lieu Fees

The County's Inclusionary Housing Ordinance allows for the payment of fees in-lieu of providing some or all of the inclusionary units required in new residential development. The in-lieu fees are established in accordance with Section 822-4.404 of the County Ordinance Code.

The fee that is paid in lieu of some or all rental inclusionary units is the equivalent to the difference over a 55-year period between the average rent, as determined by the County, of a two-bedroom, one-and-a-half-bathroom apartment in the County and the annual affordable rent for a targeted household. For rental residential developments, 12 percent of the units must be affordable to lower income households and 3 percent to very-low income households. According to the American Community Survey, the current median rental rate is \$1,506. The rent affordable to lower and very-low income households is derived from income thresholds and formulas promulgated by the U.S. Department of Housing and Urban Development (HUD).

The fee that is paid in lieu of some or all for-sale inclusionary units is the equivalent to the difference between the affordable sales price for a targeted household and the median price, as determined by the County, of all single-family home sales in the County within the previous twelve months. For for-sale residential developments, 12 percent of the units must be affordable to moderate income households and 3 percent to lower income households. According to CoreLogic, the current median home price is \$560,000. The home sales price affordable to lower and moderate income households is derived income thresholds promulgated by HUD. Currently, the home price that is affordable to a moderate income household is greater than the median home price in the County. You will note that the for-sale housing in-lieu fee is lower than the rental housing in-lieu fee because the target population for rental housing is at a much lower income level than for-sale housing.

Cost Analysis for Addition of New Cannabis Ordinance RFP Processing Fees

In accordance with the County Cannabis Ordinance (Chapter 88-28 of the County Ordinance Code), the Board of Supervisors has approved a preliminary selection process for specific commercial cannabis land use permit applications. The process includes prospective applicants responding to a Request for Proposal (RFP) by submitting a Letter of Intent followed by a Proposal. Both the Letter of Intent and the Proposal will be reviewed by the Department of Conservation and Development, and the Proposal will be evaluated and scored. The Department will then provide the scoring results to the Board for final selection of potential applications.

The proposed new fees are necessary to cover the staff cost for review of the Letters of Intent and for review and scoring of the Proposals. Department staff estimates that processing and review the Letters of Intent will take three staff hours, based on past Department practice with similar submittals, such as a Minor Condition Compliance Review. Department staff estimates that processing, review, and scoring the Proposals will take thirteen staff hours, based on Department practice with similar submittals that require committee review and a public hearing before the Board of Supervisors. The current fully-burdened hourly rate for Department staff that will review and process the Letters of Intent and Proposals is \$193 per hour. The current fully burdened hourly rate includes salary, benefits, insurance, and overhead. Any cost of providing the service that exceeds the proposed fee will be absorbed by the Land Development Fund. The proposed fees are calculated in the table below.

Proposed New Cannabis Ordinance RFP Processing Fees

Staff Review of Letter of Intent: 3 hours @ \$193/hour	\$500 per Letter of Intent
Staff Review and Scoring of Proposal: 13 hours @ \$193/hour	\$2,500 per Proposal