

WEST COUNTY STMP UPDATE

WCCTAC Board Meeting
August 3, 2018

- Project Status Update
- Approved Project List
- Fair-share Percentages
- Calculation of Potential Maximum Fee
- Discussion of Recommended Fee Levels



West County STMP Process



STEPS COMPLETED TO DATE

- Reviews of:
 - 2005 Nexus Study
 - Current fee levels
 - Existing program's administration
- Existing Conditions evaluation
- Annual growth rate projections set:
 - 1.2% for housing, 0.9% for jobs
- Project list approved by Board in February 2018

APPROVED PROJECT LIST

| Project Category | Cost by Category (\$ mil) | # of Projects |
|--|---------------------------|---------------|
| Complete Streets Projects | \$84 | 3 |
| Bicycle & Pedestrian-Focused Projects | \$26 | 5 |
| Transit and Station-Related Projects | \$618 | 7 |
| Local Street and Intersection Projects | \$15 | 1 |
| Freeway and Interchange Projects | \$111 | 3 |
| Total Cost | \$854 | 19 |



NEW DEVELOPMENT'S FAIR SHARE

- Share of future population and traffic volumes coming from new development: 19%
- 19% of \$854 million = \$161 million
- \$161 million = Maximum amount covered through STMP fees

CALCULATION OF POTENTIAL MAXIMUM FEE

- Outcome of nexus analysis is a maximum potential fee that could be charged to new development
- Policymakers can set fee levels equal to or less than the maximum potential fee
- Different land use categories can be adjusted separately to support subregion's priorities



PREVIOUS NEXUS STUDY

- WCCTAC Board adopted “maximum” fees from 2005 nexus study (although those included discounted trip rates for retail, office, and industrial uses)
- The fees adopted in 2005 were significantly higher than original 1997 fees



MAXIMUM FEE CALCULATIONS

| Land Use Category | Capital Cost Attributed to Each Category | Total Units of Future Development | Maximum Potential Fee |
|---------------------------|--|-----------------------------------|-----------------------|
| Single-Family Residential | \$33,869,010 | 4,685 DU | \$7,230 per DU |
| Multi-Family Residential | \$49,997,110 | 14,040 DU | \$3,562 per DU |
| Office | \$56,448,350 | 4,869,300 SF | \$11.59 per SF |
| Retail | \$14,515,290 | 1,656,500 SF | \$8.76 per SF |
| Industrial | \$6,451,240 | 873,000 SF | \$7.39 per SF |
| TOTAL | \$161,281,000 | | |



FEE COMPARISON

| Land Use Category | WCCTAC Maximum Potential Fee | WCCTAC (Current, Not Indexed) | WCCTAC (Current, Indexed) | East County RTPC Fee | Lamorinda RTPC Fee | Tri-Valley RTPC Fee |
|------------------------|------------------------------|-------------------------------|---------------------------|----------------------|--------------------|---------------------|
| Single-Family (per DU) | \$7,230 | \$2,595 | \$3,697 | \$18,186 | \$7,269 | \$4,369 |
| Multi-Family (per DU) | \$3,562 | \$1,648 | \$2,348 | \$11,164 | \$5,088 | \$3,010 |
| Office (per SF) | \$11.59 | \$3.51 | \$5.00 | \$1.56 | \$7.78 | \$7.43 |
| Retail (per SF) | \$8.76 | \$1.82 | \$2.59 | \$1.80 | \$7.78 | \$3.48 |
| Industrial (per SF) | \$7.39 | \$2.45 | \$3.49 | \$1.56 | \$7.78 | \$4.32 |

CONSIDERATIONS IN SETTING FEES

- Effect of fees on different land use categories
- Potential for fee exemptions for certain categories, though not currently allowed in STMP
- Comparison to similar fees in nearby areas
- Comparison to current fee levels
- Effect of fees on timing of STMP project funding and implementation

Findings from El Cerrito Affordable Housing In-Lieu Fee Economic Feasibility Study:

- Many projects in pipeline
- Market not yet established
- Residential development feasible
- Projects could support modest new fee in addition to existing city and regional fees

IMPLICATIONS FOR STMP UPDATE

Fee As Percent of Sales Price

| | Multi-Family Housing Project Prototypes | |
|--------------------------|---|----------|
| | Ownership | Rental |
| El Cerrito Housing Fee | 3.0-4.0% | 3.0-4.0% |
| STMP Update: Maximum Fee | 0.3% | 0.5% |

- Land prices and construction costs have largest effect on feasibility
- Has market reached top of cycle?
- Maximum STMP fee likely to have little/no economic impact



POSSIBLE SCENARIOS

| FEE SCENARIOS | | | |
|---|-----------------------|---|------------------------------|
| Land Use Category | Maximum Potential Fee | Fee Set at 75% of Max Residential, 50% of Max Non-Residential | Current WCCTAC Fee (Indexed) |
| Single-Family (per DU) | \$7,230 | \$5,423 | \$3,697 |
| Multi-Family (per DU) | \$3,562 | \$2,672 | \$2,348 |
| Office (per SF) | \$11.59 | \$5.80 | \$5.00 |
| Retail (per SF) | \$8.76 | \$4.38 | \$2.59 |
| Industrial (per SF) | \$7.39 | \$3.70 | \$3.49 |
| Potential Maximum Fee Revenue | \$161,281,000 | \$161,281,000 | \$161,281,000 |
| Fee Revenue Generated from this Scenario | \$161,281,000 | \$101,611,000 | \$81,970,000 |

NEXT STEPS

- Develop fee administration guidelines and review with TAC: Aug-Oct
- Draft fee ordinance: Sept-Nov
 - Review by WCCTAC attorney
 - Review by City Attorneys/County Counsel
- Board accepts final nexus report: December
- Fee ordinance considered for adoption by each jurisdiction: Early 2019



DISCUSSION ITEMS

- Any questions on methodology
- Discussion of different fee level options
- Direction for staff and consultants so Board can arrive at recommended fee level in September

QUESTIONS AND COMMENTS?