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DATE: November 26, 2003
TO: Honorable Board of Directors
 County Sanitation District 1
FROM: County Sanitation District 1
SUBJECT: Ordinance Providing for Deferral or Waiver of Sewer Impact Fees for Affordable Housing Projects

RECOMMENDATIONS:

It is recommended that your Board:

1. Conduct a public hearing on the proposed Ordinance providing for deferral or waiver of sewer impact fees for qualifying affordable housing projects; and
2. Adopt the proposed Ordinance.

BACKGROUND:

On November 12, 2003, your Board heard a staff presentation regarding the proposed Ordinance and continued the Ordinance for adoption until today. At that meeting a question was asked concerning the number of fee waivers that were applied for versus the number of waivers that were granted.

The fee waiver ordinance language allows the annual waiver cap of 200 to be increased to 5% of the number of residential housing permits issued in the prior year. During fiscal year 2001-02 the waiver cap was 226 and during fiscal year 2002-03 the waiver cap was 217.

Sacramento Housing and Redevelopment Agency (SHRA) is the entity that assigns fee waivers to specific projects. Every application for local financing of new affordable housing that SHRA receives is also an application for the Fee Waiver Program. An affordable housing developer who applies to SHRA for financing is requesting funding that may come from a variety of sources, including both loans and fee waivers. After completing its underwriting of the project and approving the construction budget, management agent, and other lending requirements, SHRA decides which source(s) of funds most clearly match the proposed development.

Because the Fee Waiver Program assists units affordable to very low-income households (50% of area median income), SHRA generally pairs it with other affordable housing programs that the Agency offers. These include below-market loans and mortgage revenue bonds, since the Fee Waiver Program usually does not provide sufficient subsidy on its own. Therefore, the fee waiver program stretches the affordable housing dollars available, and its benefit is enhanced by SHRA using the fee waivers in projects that provide the biggest economic impact. Further, the fee waiver allotment is timed to when projects are going to start construction.

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DISCUSSION:

The attached Ordinances will:

- Continue the sewer impact fee deferral program for low-income units and eliminate the sunset date of December 31, 2003.
- Continue the waiver program for very low-income units and extend the sunset date to December 31, 2008.

CONCLUSION:

It is recommended that your Board hold a public hearing on the proposed Ordinance and then adopt the Ordinance providing for the continued deferral or waiver of sewer impact fees for qualifying affordable housing projects.

Respectfully submitted,

Marcia Maurer
Chief Financial Officer

Attachments

For additional information contact:

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Public Works Agency, Accounting and Fiscal Services
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APPROVED:

Cheryl Creson, Administrator
Public Works Agency

By:

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