



Staff Report

TO: Honorable Mayor and Members of the Town Council
FROM: Sean Rabé, Town Manager
DATE: March 14, 2023
RE: AECOM Change Order 3 (Inclusionary Ordinance In Lieu Fee)

Recommendation

Staff recommends the Town Council adopt the attached resolution approving AECOM's Change Order #3 of the 2020 General Plan Update Professional Services Contract (preparing an inclusionary housing in-lieu fee study).

Issue Statement and Discussion

The Town contracted with AECOM in September, 2020 for technical services for the Loomis General Plan Update and Environmental Impact Report. That work is ongoing, with the draft General Plan EIR expected in the Spring.

As part of the General Plan Update and 2020-2028 Housing Element Update, the Town approved an inclusionary housing ordinance (codified as Chapter 11.16 of the Loomis Municipal Code, see: [Chapter 11.16 AFFORDABLE HOUSING \(qcode.us\)](#)), which requires 10 percent of new housing to be set aside as affordable housing. Included in the ordinance is an in-lieu fee provision.

The Town has asked AECOM, which is already working on the General Plan and is very familiar with Loomis, to prepare the fee study required for enacting the in-lieu fee component. The attached Change Order #3 includes a not-to-exceed amount of \$21,000 for this work, which would bring AECOM's total contract amount to \$583,480.

CEQA Requirements

There are no CEQA implications associated with the recommended action.

Financial and/or Policy Implications

The \$21,000 change order amount would come from the Town's General Plan Update fund.

Attachments

- A. Resolution
- B. AECOM Inclusionary In-Lieu Fee Proposal
- C. AECOM Task Order #3

TOWN OF LOOMIS

RESOLUTION NO. 23 - XX

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOOMIS AMENDING THE SEPTEMBER 9, 2020 CONTRACT FOR GENERAL PLAN TECHNICAL SUPPORT AND ENVIRONMENTAL IMPACT REPORT SERVICES WITH AECOM

WHEREAS, the Town and AECOM entered into the September 9, 2020 Contract for Services for Technical Support and Environmental Impact Report services for the 2020 General Plan Update (Contract); and

WHEREAS, the Town of Loomis has enacted an inclusionary housing ordinance that requires an in-lieu fee as part of the 2020-2028 Housing Element ; and

WHEREAS, AECOM has the experience to complete the study required to enact said inclusionary housing in-lieu fee; and

WHEREAS, AECOM has submitted Change Order #3 to their original contract to accomplish said study.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Town Council of the Town of Loomis to approve Change Order #3 to the 2020 AECOM Contract. Said Change Order #3 is in the amount of \$21,000 and will bring the total compensation under the Contract to \$583,480.

PASSED AND ADOPTED by the Town Council of the Town of Loomis this 14th day of March, 2023, by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

Mayor

ATTEST:

Deputy Town Clerk

February 6, 2023

Sean Rabe, Town Manager
Christy Consolini, Planning Director
Town of Loomis
3665 Taylor Road
Loomis, CA 95650

Subject: In-Lieu Fee for Inclusionary Housing Ordinance

Greetings, Sean and Christy:

We understand that the Town of Loomis has adopted an inclusionary housing ordinance. Chapter 11.16 of the Loomis Municipal Code requires residential developments of 10 units or more to set aside 10 percent of units as affordable with 5 percent made available at rents affordable to low-income households and 5 percent at rents affordable to low-income households to very low-income households. For developments with fewer than 10 units, the projects would be required to pay an in-lieu fee.

AECOM has proposed the following scope of services to the Town of Loomis for development of an in-lieu fee schedule to complement the inclusionary housing ordinance.

Please let me know if you have questions or additional direction as we finalize our scope of services. Our staff is ready to initiate this work immediately.

Sincerely,



Matthew Gerken
Associate Vice President, Urban + Environmental Planning
AECOM Sacramento

Scope of Services

Task 1: Project Initiation

AECOM will prepare a kickoff meeting agenda and participate in one kickoff meeting, which would include:

- ▶ Introductions between the AECOM team and Town staff to establish roles and lines of communication
- ▶ Review of project purpose, goals, and expected outcomes
- ▶ Discussion of overall strategy, approach, risks, and primary issues of Town staff and community concern
- ▶ Review of AECOM's scope of services to identify and address possible changes
- ▶ Review of schedule goals
- ▶ Discussion of additional resources from Town staff that AECOM may need to complete the scope of services

Task 2: Market Assessment

AECOM will analyze market trends and market factors that inform residential development potential for the Town of Loomis to better understand the rate, direction, and nature of housing development in Loomis. AECOM will conduct this analysis by reviewing the Housing Element, RHNA allocations, SACOG projections, project pipeline, rent trends, and sales trends.

Following this assessment, AECOM will develop a reference set of residential prototypes, which will form the basis of the subsequent analysis. This set of two to four prototypes should represent the type of residential development expected to occur in Loomis that will be impacted by the proposed inclusionary housing policy. Consequently, the prototypes should include examples of projects that are larger and smaller than 10 units and include both for-sale and for-rent projects.

Task 3: Quantify Affordability Gap

In Task 3, AECOM will model the economics of future residential development to quantify the affordability gap between 100 percent market-rate projects and projects that incorporate the Town's proposed inclusionary requirements. The variance between the two scenarios will provide a basis for calculating an in-lieu fee that reflects the financial gap generated by the affordable set-aside.

The analysis will be based on a baseline set of static pro forma models that reflect the reference set of housing types identified in Task 2. These will simulate development economics faced by private market developers at current market rents/sales prices, current development costs, and developer return expectations. The baseline pro formas will then be modified to illustrate affordable scenarios with new assumptions that reflect the affordable set-asides in the Town's proposed inclusionary housing ordinance. The affordable scenarios may also incorporate the incentives and offsets made available through the State Density Bonus Law (as the 10 percent Low Income set-aside qualifies for a 20 percent density bonus). AECOM will develop the affordable scenarios in consultation with Town staff.

Task 4: In-Lieu Fee Development and Recommendations

In this task, AECOM will prepare a draft set of in-lieu fees calibrated to reflect the affordability gap between market rate and affordable uses quantified in the prior task. The affordability gap approach seeks to assign a fee that is the equivalent to the economic costs cost a market-rate developer would incur by building the required number of inclusionary units on site.

In consultation with Town staff, AECOM will consider whether different fee schedules may be desirable to reflect larger (10 units or greater) and smaller (less than 10 units) projects, as well as variances between for-rent and for-sale projects. In addition, AECOM will discuss with Town staff whether the City may have policy embedded in the fee schedules to create developer incentives and disincentives to either pay the fee or construct units on site.

Task 5: Report

AECOM will prepare a brief report summarizing the methods and recommendations developed in Tasks 1 through 4 and one revised report that incorporates comments from Town staff.



Budget

AECOM proposes a not-to-exceed budget of \$21,000 for the tasks described above. This budget assumes that this scope of services would be executed as an amendment to our existing General Plan contract (in order to reduce unnecessary administrative expenses).

Contract Amendment

In accordance with the Consulting Services Agreement dated September 9, 2020 between the Town of Loomis (“Town”) and AECOM Technical Services, Inc., a California corporation, (“AECOM”), this Change Order, with an effective date of February 27, 2023 modifies that Agreement as follows:

1. Changes to the Services:

Inclusionary Task 1: Project Initiation

AECOM will prepare a kickoff meeting agenda and participate in one kickoff meeting, which would include:

- Introductions between the AECOM team and Town staff to establish roles and lines of communication
- Review of project purpose, goals, and expected outcomes
- Discussion of overall strategy, approach, risks, and primary issues of Town staff and community concern
- Review of AECOM’s scope of services to identify and address possible changes
- Review of schedule goals
- Discussion of additional resources from Town staff that AECOM may need to complete the scope of services

Inclusionary Task 2: Market Assessment

AECOM will analyze market trends and market factors that inform residential development potential for the Town of Loomis to better understand the rate, direction, and nature of housing development in Loomis. AECOM will conduct this analysis by reviewing the Housing Element, RHNA allocations, SACOG projections, project pipeline, rent trends, and sales trends.

Following this assessment, AECOM will develop a reference set of residential prototypes, which will form the basis of the subsequent analysis. This set of two to four prototypes should represent the type of residential development expected to occur in Loomis that will be impacted by the proposed inclusionary housing policy. Consequently, the prototypes should include examples of projects that are larger and smaller than 10 units and include both for-sale and for-rent projects.

Inclusionary Task 3: Quantify Affordability Gap

In Inclusionary Task 3, AECOM will model the economics of future residential development to quantify the affordability gap between 100 percent market-rate projects and projects that incorporate the Town’s proposed inclusionary requirements. The variance between the two scenarios will provide a basis for calculating an in-lieu fee that reflects the financial gap generated by the affordable set-aside.

The analysis will be based on a baseline set of static pro forma models that reflect the reference set of housing types identified in Inclusionary Task 2. These will simulate development economics faced by private market developers at current market

rents/sales prices, current development costs, and developer return expectations. The baseline pro formas will then be modified to illustrate affordable scenarios with new assumptions that reflect the affordable set-asides in the Town's proposed inclusionary housing ordinance. The affordable scenarios may also incorporate the incentives and offsets made available through the State Density Bonus Law (as the 10 percent Low Income set-aside qualifies for a 20 percent density bonus). AECOM will develop the affordable scenarios in consultation with Town staff.

Inclusionary Task 4: In-Lieu Fee Development and Recommendations

In this task, AECOM will prepare a draft set of in-lieu fees calibrated to reflect the affordability gap between market rate and affordable uses quantified in the prior task. The affordability gap approach seeks to assign a fee that is the equivalent to the economic costs cost a market-rate developer would incur by building the required number of inclusionary units on site.

In consultation with Town staff, AECOM will consider whether different fee schedules may be desirable to reflect larger (10 units or greater) and smaller (less than 10 units) projects, as well as variances between for-rent and for-sale projects. In addition, AECOM will discuss with Town staff whether the City may have policy embedded in the fee schedules to create developer incentives and disincentives to either pay the fee or construct units on site.

Inclusionary Task 5: Report

AECOM will prepare a brief report summarizing the methods and recommendations developed in Inclusionary Tasks 1 through 4 and one revised report that incorporates comments from Town staff.

2. Change to Deliverables:

Described above under 1.

3. Change in Project Schedule:

Tasks shall be complete no later than June 30, 2023.

4. Change in CONSULTANT's Compensation:

The Services set forth in this Contract Amendment will be compensated on the following basis:

[X] Time and Materials with a Not-to-Exceed amount of \$21,000. Reimbursable expenses are included in the overall Not to Exceed cap. Therefore, the total authorized Compensation, inclusive of this Change Order is \$583,480.

5. Project Impact:

None.

6. Other Changes (including terms and conditions):

None.

Project Name: Loomis General Plan Update and EIR

Project No.: 60644620

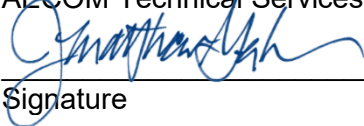
Change Order No.: 3

7. All other terms and conditions of the Agreement remain unchanged.
8. Each Party represents that the person executing this Change Order has the necessary legal authority to do so on behalf of the respective Party.

Town of Loomis

AECOM Technical Services, Inc.

Signature



Signature

Printed Name

J. Matthew Gerken

Printed Name

Title

Associate Vice President

Title

Date

February 27, 2023

Date

Address

2020 L Street, Suite 300

Sacramento, CA 95811

Address