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In this Issue:

- Cancellation of WRCOG's 2020 General Assembly & Leadership Conference
- WRCOG's Offices Closed
- Cajalco Road / I-15 Interchange Ribbon Cutting
- WCE Set to Launch Service in SIX Cities Beginning in April
- Now Accepting Applications for the 5th Fellowship Cohort!
- Resilient IE Update
- Executive Director's Column - Are Impact Fees to Blame for the Housing Crisis?

Cancellation of WRCOG's 2020 General Assembly & Leadership Conference

These are uncertain times due to the spread of COVID-19 (coronavirus). As our team at the Western Riverside Council of Governments (WRCOG) seeks to navigate these challenges, our main priority is, as it always has been, the health and well-being of our members and community partners.

After consulting with WRCOG’s leadership, we have decided to cancel this year’s General Assembly & Leadership Conference, originally scheduled to be held on Thursday, June 25, 2020.

We do apologize for any inconvenience this creates, however our Agency firmly believes this is a sound decision given the circumstances. Please feel free to reach out with any questions.

Contact Staff

WRCOG's Offices Closed

As of March 16, 2020, WRCOG, WCE, and RCHCA's Riverside Offices are closed and all staff have been instructed to telecommute from home.

With that said, the situation is ever changing, and it is possible that future circumstances could require additional considerations. We will continue communicating to all as we navigate this circumstance. If any meeting postponement or cancellation is necessary, it will be thoughtfully made and communicated promptly.

Thank you for your support in this time.

- For PACE / HERO matters, please call (951) 205-7743 or email pace@wrcog.us. For payoffs, please call (855) 225-4376 or visit online at https://payments.renovateamerica.com
- For TUMF matters, please call (909) 709-5453 or email TUMFcalculations@wrcog.us

Contact Staff

Cajalco Road / I-15 Interchange Ribbon Cutting

On March 5th, the City of Corona held a ribbon cutting ceremony for the Cajalco Road I-15 Interchange improvement project. The $72.5 million project involved reconstructing the interchange located on Interstate 15 at Cajalco Road from Temescal Canyon Road to Bedford Canyon Road and widening Cajalco Road from a two-lane bridge to a six-lane overdressing bridge. The improvements will increase capacity of the bridge and ramps thereby reducing congestion and accommodating anticipated growth. The TUMF Program is proud to have supported the completion of this project, contributing $45 million. WRCOG congratulates the City of Corona for the completion of this critical infrastructure project!

Elected Officials, City of Corona staff, and WRCOG staff attend the Cajalco Road / I-15 Interchange Ribbon Cutting

Contact Staff

WCE set to Launch Service to SIX Cities Beginning in April

WCE, Western Riverside County's community choice aggregation program, is set to launch service to its six member cities, comprising 140,000 customers, in April and May. In January, the Western Community Energy (WCE) Board of Directors set its energy rates, providing 2% overall energy bill savings to its customers in the Cities of Eastvale, Hemet, Jurupa Valley, Norco, Perris and Wildomar. In addition to these savings, customers who take advantage of SCE Programs such as CARE, FERA, Medical Baseline, and Summer Discount Plan are still able to take advantage of those programs, while receiving a discount on their generation costs. Also, customers with solar are able to receive a higher return on any excess energy their system may generate. And finally, WCE is offering customers that participate in SCE's Smart Energy Program an incentive of $10 per month for June, July, August, and September to stay with WCE until it develops a similar program.

For more information on WCE, visit the website.

Contact Staff

Now Accepting Applications for the 5th Fellowship Cohort!

The 2020 – 2021 application period for WRCOG's Public Service Fellowship Program is open! The Fellowship Program is a strategic opportunity for graduating seniors, recent graduates, and graduate students interested in public service to gain valuable experience and expand connections in the public sector through placement and training at WRCOG member agencies. Would you or someone you know be a great fit for the Fellowship Program? Check out WRCOG's website for more information. Be sure to apply before the application deadline on March 31, 2020!

Contact Staff

Resilient IE Update

In 2018, Caltrans awarded WRCOG and the San Bernardino County Transportation Commission (SBCTA) an Adaptation Planning Grant to develop a toolkit to support regional efforts to prepare for and mitigate risks associated with climate adaptation and transportation infrastructure. A total of $683,431 was awarded for the project, which includes five main components: 1) the establishment of a regional climate collaborative, 2) the revision of WRCOG's Community Vulnerability Assessment (VA) and creation of a VA for SBTCA, 3) the compilation of city-level, climate-related transportation hazards and evacuation maps, 4) the development of a climate resilient transportation guidebook, and 5) the creation of a Regional Climate Adaptation and Resiliency Template General Plan Element.

WRCOG and SBCTA have secured additional funding from Caltrans' SB 1 Adaptation Planning Grant Program to conduct a rigorous region-wide analysis of the climate risks associated with critical assets within the transportation network. The result will provide methods and resources for the region to incorporate asset risk into its planning processes and provide concrete tools for sound transportation project prioritization and investment by local jurisdictions.

All project materials can be found on the Resilient IE website.

Contact Staff

Executive Director's Column

Are impact fees to blame for the housing crisis?

Housing is among the most important issues affecting California today. Housing in jobs-rich areas such as San Francisco, Silicon Valley, San Diego, and Los Angeles have long been and continue to be among the most expensive in the nation. Largely because of the unaffordability in these areas, hundreds of thousands of workers moved outward in search of attainable housing, forcing them to commute long distances and endure several hours of driving on a daily basis.

During the past decade, the housing problem has evolved into a full blown crisis as home prices have escalated, growing far faster than wage growth in many areas. One way to look at housing attainability is to examine the median home price in an area and calculate how many households have enough income to purchase a home at that price. Nationally, that number is about 57%; in California it is just 31%. For many people residing in California it has been a long-standing issue that they simply cannot afford to buy a home in the community in which they live.

The issue of housing affordability and attainability is front and center for many policy makers in California. While there is wide agreement that housing is a critical issue, a consensus solution remains elusive. For some, the answer is simply one of supply and demand. Advocates of this position believe that increasing the supply of housing, perhaps by removing regulatory barriers for example, will result in new residential units, which will in turn decrease the overall cost of housing. This viewpoint is the impetus behind several recent legislative initiatives such as SB 50 which strive to implement a streamlined approval process for certain residential projects.

Others view the crisis from a different perspective, which is that the overall cost of housing is too high, and the solution is to lower the costs of housing. Proponents of this approach argue that reducing the cost of housing would create additional demand, which would then spur developers to provide additional supply. Advocates of this approach claim that developer impact fees, which are fees assessed by local governments to provide infrastructure needed to serve new development, are a significant contributor to the high cost of housing in California.

In February, five Assembly Members collaborated on a package of eight bills which specially address the way in which impact fees are applied to housing development. More information on these bills can be found here. These bills range from changing the way fees are calculated or collected for residential projects to an outright cap on residential impact fees. These bills represent one of the first significant efforts by the State to change the way impact fees are applied in over 30 years.

Developer impact fees have long been a municipal finance staple, but what has changed in recent years is how much local agencies rely on them to fund needed infrastructure. The first impact fees were implemented in the 1920's but gained greater usage with the passage of Proposition 13 in 1978, which restricted the ability of local governments to raise property taxes to build infrastructure.

In 1987, the California legislature passed the Mitigation Fee Act (AB 1600) to standardize the process by which impact fees are implemented. Since then, the legality of impact fees in general and the Mitigation Fee Act have been upheld in multiple cases before both the California Supreme Court and United States Supreme Court, and fee programs have become more and more popular among local jurisdictions.

As the housing crisis has worsened, impact fees have received greater scrutiny. This focus led to the 2017 passage of AB 879, which mandated that the State fund studies into the use and effects of impact fees. Two recent studies by the Terner Center for Housing Innovation at the University of California, Berkeley, were prepared in response to this legislative mandate. The first study, "It All Adds Up: The Cost of Housing Development Fees in Seven California Cities," evaluated impact fees in single-family and multi-family residential developments in seven cities of various size throughout California. This initial study was followed by a second study which examined impact fees in 40 jurisdictions. Key findings of both studies include:

- Local impact fee levels varied significantly across the State.
- The report noted inconsistencies in how fees are estimated, with some agencies calculating the fee on a per unit basis, while others calculated fees on a per square foot basis.
- There should be greater transparency in how agencies share information regarding impact fees and how they are calculated.
- The reports did not recommend a cap on impact fees without significant further study and discussion.

The effect of impact fees on housing costs have also been studied by WRCOG on two occasions, first in 2016 and later in 2018. Both of these studies can be found here on WRCOG's website. WRCOG's examination followed a similar methodology to the studies completed by the Terner Center, but looked at fees assessed by local governments on all types of projects, including both residential and non-residential. Some key conclusions of this study were as follows:

- Similar to the Terner Study, there is variation in the fee levels across jurisdictions. The lowest fee level on single-family homes was $35,000 with $60,000 being the highest.
- Unlike the Terner Study, WRCOG also examined school and water sewer fees. With these fees included, the average fee on a single-family house was $47,000. More than half of that total ($25,000) were for water / sewer connections and school fees.
- On average, the total fees were less than 10% of the median home price throughout the WRCOG subregion.
- Most of the cost of a single-family house is associated with land, labor, and materials to build the home (cost components over which local jurisdictions have no control).

While the WRCOG Study concluded that impact fees were not the sole factor contributing to high housing prices in Western Riverside County, a fee of $47,000 on a home is not an insubstantial amount. As such, one might ask the hypothetical question: *Would eliminating, reducing, or capping these fees have a major impact on housing affordability issues locally?*

It is unlikely that reducing or capping fees will change housing affordability and supply in a measurable way for several reasons. First, impact fees are tied to new home construction only. If you were to reduce fees, that reduction would only apply to new homes in a community. Existing home prices would not likely be affected. Second, there is no guarantee that savings from reduced or eliminated impact fees would be passed on to new home buyers. Third, it is likely that local agencies would ask for developers to contribute towards infrastructure in other ways. For example, a school district might ask a developer to build a new school instead of paying a fee towards a new school. The end result of that process is that the quality of a community's infrastructure would be tied more to the ability of that jurisdiction to negotiate with developers as opposed to any legal or technical merit. Additionally, reducing impact fees is likely to force developers and local agencies to use other financing mechanisms to fund infrastructure. For example, it is common for developers to use community facilities districts (CFDs) to pay for roadways, parks, and drainage improvements already. CFDs issue bonds to fund these improvements and require homeowners to repay the bonds through property tax assessments. Some homes in Riverside County pay nearly 1% of their assessed value each year for CFD assessments, which often are for a 20-year duration or longer. Lastly, if jurisdictions were to reduce impact fees voluntarily, or if Sacramento leaders are going to consider limiting / capping mitigation fees, there will likely be the need for a commensurate revisiting of CEQA, since fees mitigate project impacts. Without changes to CEQA or an infusion of funding to make up any mitigation shortfall, new development projects might be more vulnerable to legal challenges, a prospect that could unintentionally further restrict the construction of needed new housing and exacerbate the price issue.

What is truly needed is for our state, regional, and local policymakers to come together and have a meaningful conversation on how we can balance the need to provide new infrastructure without unduly burdening new development. Simply capping or even eliminating fees is not likely to solve the State's housing problem, and is far more likely to cause negative impacts that outweigh any benefits.

Contact Rick