

REPORT TO CITY COUNCIL

DATE: MARCH 22, 2023
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: NATHAN HAMBURGER, CITY MANAGER
BY: RAMIRO ADEVA, ASSISTANT CITY MANAGER
SUBJECT: AGREEMENT WITH ECONOMIC & PLANNING SYSTEMS, INC. (EPS) FOR UPDATING THE HOUSING IN-LIEU FEE ANALYSIS

The purpose of this item is to seek City Council approval for the City to enter into an Agreement for Consultant Services with Economic & Planning Systems, Inc. (EPS) for consultant services to prepare an update to the housing in-lieu fee analysis.

As part of the City's Inclusionary Housing Ordinance, developers of residential projects of 10 or more units are required to provide housing units affordable to Very Low, Low, and Moderate income households within the residential development.

As an alternative to building the required affordable housing units on site, developers can choose to pay an in-lieu fee that is determined by conducting a specific analysis that takes into account the gap between market rate sales prices and rents for housing units in the City, and sales prices and rents affordable to Very Low, Low, and Moderate income households.

The last analysis was conducted in 2018. This contract would be to update the existing in-lieu fees to ensure they are in line with the current housing market.

The cost of the contract is \$36,860 and will be funded entirely through the Inclusionary Housing In-Lieu Fund. Currently, the fund already has \$20,000 appropriated. Staff is requesting an additional \$22,389 be appropriated into the Housing In-Lieu fund which will cover the contract cost plus 15% contingency.

The proposed agreement has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff respectfully recommends the City Council approve the Agreement for Consultant Services with Economic & Planning Systems, Inc. for updating the Housing In-Lieu Fee analysis not-to-exceed fee of \$42,389.

Attachment: Agreement for Consultant Services

AGREEMENT FOR CONSULTANT SERVICES
WITH THE CITY OF AGOURA HILLS

NAME OF CONSULTANT: Economic & Planning Systems, Inc. (EPS)

RESPONSIBLE PRINCIPAL OF CONSULTANT: Attn: Kate O'Beirne

CONSULTANT'S ADDRESS: 1330 Broadway Suite 450
Oakland, CA 94612

CITY'S ADDRESS: City of Agoura Hills
30001 Ladyface Court
Agoura Hills, CA 91301
Attn: City Manager

PREPARED BY: Ramiro Adeva

COMMENCEMENT DATE: March 23, 2023

TERMINATION DATE: March 30, 2024

CONSIDERATION: Contract Price
Not to Exceed: \$36,860/yr.

ADDITIONAL SERVICES (*Describe Services, Amount, and Approval*):

Date: _____ Amount: \$ _____ Authorized By: _____
(Not to Exceed 10% of Contract Price) City Manager

**AGREEMENT FOR CONSULTANT SERVICES BETWEEN
THE CITY OF AGOURA HILLS AND ECONOMIC &
PLANNING SYSTEMS, INC. (EPS)**

THIS AGREEMENT is made and effective as of March 23, 2023, between the City of Agoura Hills, a municipal corporation ("City") and Economic & Planning Systems, Inc. (EPS) ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on March 23, 2023, and shall remain and continue in effect until tasks described herein are completed, but in no event later than March 30, 2024, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the services and tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

3. PERFORMANCE

In meeting its obligations under this Agreement, Consultant shall at all times faithfully and competently perform all tasks described herein in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

4. PAYMENT

A. The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibit B other than the payment rates and schedule of payment are null and void. This amount shall not exceed Thirty Six Thousand Eight Hundred Sixty Dollars and Zero Cents (\$36,860) ("Contract Price") for the initial Term of the Agreement unless additional payment is approved as provided in this Agreement.

The City Manager may approve additional work up to ten percent (10%) of the amount of the Agreement. Any additional work in excess of this amount shall be approved by the City Council.

B. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by the City Council and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

C. Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted between the first and fifteenth business day of each month, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Director of Finance.

5. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

A. The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

B. In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City pursuant to Section entitled "**PAYMENT**" herein.

6. DEFAULT OF CONSULTANT

A. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

B. If the City Manager or his delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, it shall serve the Consultant with written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement."

7. OWNERSHIP OF DOCUMENTS

A. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

B. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

8. INDEMNIFICATION

Consultant shall defend, indemnify, and hold the City, its officials, officers, employees, agents and independent consultants serving in the role of City officials, and volunteers (collectively "Indemnitees") free and harmless from any and all claims, demands, causes of action, proceedings, costs, expenses, liabilities, losses, damages or injuries, in law or equity, to property or persons, including wrongful death (collectively "Claims"), in any manner arising out of or incident to any acts or omissions of Consultant, its officials, officers, employees, agents or sub-consultants in connection with the performance of this Agreement, including without limitation the payment of all consequential damages, attorneys' fees, and other related costs and expenses, except for such Claims arising out of the sole negligence or willful misconduct of the Indemnitees. With respect to any and all such Claims, Consultant shall defend Indemnitees at Consultant's own cost, expense, and risk and shall pay and satisfy any judgment, award, or decree that may be rendered against Indemnitees. Consultant shall reimburse Indemnitees for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. All duties of Consultant under this Section shall survive termination of this Agreement.

9. INSURANCE REQUIREMENTS

Prior to commencement of work, Consultant shall procure, provide, and maintain, at Consultant's own expense, for the duration of this Agreement, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:

1) Insurance Services Office Commercial General Liability form No. CG 00 01 11 85 or 88, or equivalent.

2) Insurance Services Office Business Auto Coverage form CA 00 01 06 92, or equivalent, covering Automobile Liability, code 1 (any auto). If the Consultant owns no automobiles, a non-owned auto endorsement to the General Liability policy described above is acceptable.

3) Worker's Compensation insurance as required by the State of California and Employer's Liability Insurance. If the Consultant has no employees while performing under this Agreement, worker's compensation insurance is not required, but Consultant shall execute a declaration that it has no employees.

B. Minimum Limits of Insurance. Consultant shall maintain limits no less than:

1) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage for all activities of the Consultant arising out of or in connection with work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rental vehicles.

3) Worker's Compensation as required by the State of California; Employer's Liability: One million dollars (\$1,000,000) per accident for bodily injury or disease.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager. At the option of the City Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Requirements Not Limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Vendor maintains higher limits than the minimums shown above, the Agency requires and shall be entitled to coverage for the higher limits maintained by the Vendor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Agency.

E. Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1) The City, its officers, officials, employees and volunteers are to be covered and named as additional insureds in respect to: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

2) For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insured maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

4) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the City. Consultant agrees to oblige its insurance agent or broker and insurers to provide City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

F. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City. Self insurance shall not be considered to comply with these insurance requirements.

G. Verification of Coverage. **Consultant shall furnish the City with original endorsements, specifically naming the City of Agoura Hills, its officers, officials, employees and volunteers as additional insured, effecting coverage required by this clause.** The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be on forms acceptable to the City. Insurance certificates and endorsements must be received and approved by City's Risk Manager prior to commencement of performance. Current insurance certificates and endorsements shall be kept on file with the City at all times during the term of this agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

H. Mailing Instructions. Insurance documents shall be mailed with the signed Agreement to the attention of the staff person indicated on the cover sheet of this Agreement, to the City of Agoura Hills, 30001 Ladyface Court, Agoura Hills, CA 91301. Executed Agreement(s) cannot be released nor may any work commence on a project until the signed Agreement and appropriate insurance documents are on file with the City Clerk.

10. INDEPENDENT CONSULTANT

A. Consultant is and shall at all times remain as to the City a wholly independent Consultant. The personnel performing the services and tasks under this Agreement on behalf of Consultant shall not be City employees and shall at all times be under Consultant's exclusive direction and control. Consultant and all of Consultant's personnel shall possess the qualifications, permits, and licenses required by state and local law to perform the services and tasks under this Agreement, including, without limitation, a City business license as required by the Agoura Hills Municipal Code. Consultant shall determine the means, methods, and details by which Consultant's personnel will perform the services and tasks. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the services and tasks, and compliance with the customary professional standards. Neither City nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents.

B. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. Consultant and Consultant's personnel shall not supervise any of City's employees; and City's employees shall not supervise Consultant's personnel. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as a City employee; and Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of any of the services and tasks under this Agreement. Consultant shall acquire and maintain at its sole cost and expense such vehicles, equipment, and supplies as Consultant's personnel require to perform any of the services and tasks required by this Agreement. Consultant shall perform all services and tasks off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product related to Consultant's performance of any services and tasks under this Agreement, or as may be necessary to inspect or visit City

locations and/or private property to perform the services and tasks. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about, or to check on, the status of projects pertaining to the services and tasks performed under this Agreement. Consultant shall not incur or have the power to incur any debt, obligation or liability whatever against City, or bind City in any manner.

C. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services and tasks hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services and tasks hereunder. Consultant shall be responsible for and pay all salaries, wages, benefits and other amounts due to Consultant's personnel in connection with their performance of the services and tasks under this Agreement, and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to, Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Notwithstanding any other agency, state, or federal policy, rule, regulation, statute, or ordinance to the contrary, Consultant and any of its officers, employees, agents, and subcontractors providing any of the services and tasks under this Agreement shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit, or any incident of employment by City, including, but not limited to, eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") as a City employee, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits.

D. Consultant shall indemnify and hold harmless City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's personnel practices, or to the extent arising from, caused by, or relating to the violation of any of the provisions of this Section. In addition to all other remedies available under law, City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Section. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

11. PERS COMPLIANCE AND INDEMNIFICATION

A. General Requirements. The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the services and tasks under this Agreement, Consultant shall assure compliance with the Public Employees' Retirement Law, commencing at Government Code Section 20000, the regulations of PERS, and the Public Employees' Pension Reform Act of 2013, as amended. Without

limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

B. Indemnification. Consultant shall defend (with legal counsel approved by City, whose approval shall not be unreasonably withheld), indemnify, and hold harmless City, and its City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from, caused by, or relating to Consultant's violation of any provisions of this Section. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

12. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

13. RELEASE OF INFORMATION

A. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents or sub-consultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

B. Consultant shall promptly notify City should Consultant, its officers, employees, agents or sub-consultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

14. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by: (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by Notice. Notice shall be effective upon delivery to the addresses specified below or on the third business day following deposit with the document delivery service or United States Mail as provided above.

To City: City of Agoura Hills
30001 Ladyface Court
Agoura Hills, California 91301
Attention: City Manager

To Consultant: **Economic & Planning Systems, Inc. (EPS)**
1330 Broadway Suite 450
Oakland, CA 94612
Attention: Kate O'Beirne

15. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the City Council and the Consultant.

16. LICENSES

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

17. GOVERNING LAW

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with geographic jurisdiction over the City of Agoura Hills. In the event such litigation is filed by one party against the other to enforce its rights under this Agreement, the prevailing party, as determined by the Court's judgment, shall be entitled to reasonable attorney fees and litigation expenses for the relief granted.

18. PROHIBITED INTEREST

No officer, or employee of the City of Agoura Hills shall have any financial interest, direct or indirect, in this Agreement, the proceeds thereof, the Consultant, or Consultant's sub-consultants for this project, during his/her tenure or for one year thereafter. The Consultant hereby warrants and represents to the City that no officer or employee of the City of Agoura Hills has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, or in the business of the Consultant or Consultant's sub-consultants on this project. Consultant further agrees to notify the City in the event any such interest is discovered whether or not such interest is prohibited by law or this Agreement.

19. EXHIBITS

Exhibits A and B constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

20. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. AMENDMENT OF AGREEMENT

This Agreement may be amended only by a writing signed by both parties. The City Manager is authorized to sign an amendment to this Agreement on the City Council's behalf and without the City Council's prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time that do not result in monetary changes; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

22. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

23. COUNTERPARTS

This Agreement may be executed in counterparts, all such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other

counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF AGOURA HILLS

Chris Anstead,
Mayor

ATTEST:

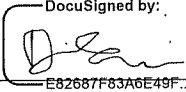
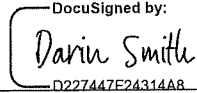
Kimberly M. Rodrigues, MMC
City Clerk
Date Approved by City Council: _____

APPROVED AS TO FORM:

Candice K. Lee,
City Attorney

CONSULTANT

Economic & Planning Systems, Inc. (EPS)
455 Capitol Mall, Suite 701
Sacramento, CA 95814
Kate O'Beirne
916-649-8010

By: 
Name: _____
Title: _____
By: 
Name: _____
Title: _____

[Signatures of Two Corporate Officers Required]

EXHIBIT A

TASKS TO BE PERFORMED

The specific elements (scope of work) of this service include:

Please see attached Technical Proposal

Technical Qualifications Proposal for

Updating the Housing In-Lieu Fee Analysis for the City of Agoura Hills

The Economics of Land Use



Prepared by:
Economic & Planning Systems, Inc. (EPS)

*Economic & Planning Systems, Inc.
1330 Broadway
Suite 450
Oakland, CA 94612
510 841 9190 tel*

January 24, 2023

*Oakland
Sacramento
Denver
Los Angeles*

EPS #232001

www.epsys.com

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January 24, 2023

Ramiro Adeva, Assistant City Manger
City of Agoura Hills
30001 Ladyface Court
Agoura Hill, CA 91301
(Uploaded to the City's PlanetBids Vendor Portal)

Subject: Technical Qualifications Proposal for Updating the
Housing In-Lieu Fee Analysis for the City of Agoura Hills;
EPS #232001

Dear Ramiro Adeva:

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) appreciates the opportunity to submit this proposal to the City of Agoura Hills (City) to prepare an updated analysis of the City's Inclusionary Housing In-Lieu fee in response to the City's Request for Proposals (RFP).

EPS is a nationally recognized, full-service, land economics consulting firm, experienced in public finance, real estate economics, regional economics, and land use policy. EPS has developed a robust technical and analytical framework for nexus and in-lieu fee studies that evaluate the demands for affordable housing generated by both residential and nonresidential development and has implemented related fee programs that fulfill policy goals and avoid overly onerous constraints on new development and economic growth.

The work plan described herein is intended to assist the City in updating the "Inclusionary Housing In-Lieu Fee Analysis" completed in 2018. Specifically, this work plan includes providing an updated technical analysis to identify the affordability gap between the cost of constructing new residential development and the required subsidies to produce the needed affordable housing, based on local market factors.

The intent of this work program is to provide technical analysis to support future policies.

This letter and the attached proposal describe EPS's understanding and approach to preparing the housing in-lieu fee analysis for the City.

*Economic & Planning Systems, Inc.
1330 Broadway
Suite 450
Oakland, CA 94612
510 841 9190 tel*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

City of Agoura Hills
January 24, 2023

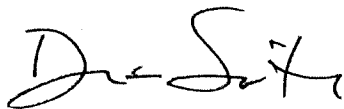
EPS is submitting this proposal. EPS's legal name is Economic and Planning Systems Inc. EPS Managing Principal and Chief Administrative Officer (CAO) **Darin Smith** is authorized to represent the firm. Darin is based in EPS's Oakland office, located at 1330 Broadway, Suite 450, Oakland, CA 94612. Darin can be reached by phone at (510) 841-9190 and by e-mail at dsmith@epsys.com.

Key EPS representatives for this analysis are Darin, mentioned above, as well as Senior Associate **Kate O'Beirne** and Associate **Rod Hall**.

This response is valid for 90 days.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC. (EPS)

A handwritten signature in black ink, appearing to read 'Darin Smith', written in a cursive style.

Darin Smith
Managing Principal & EPS CAO

2. Qualifications and Experience

About EPS



EPS is a land economics consulting firm, experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.

EPS was founded on the principle that real estate development and land use-related public policy should be built on a realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services. These are EPS's areas of expertise:

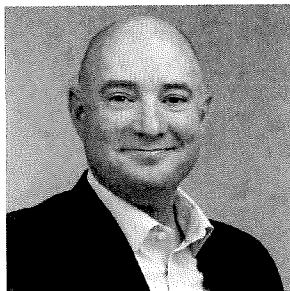
- Economic Development and Revitalization
- Housing Policy
- Parks and Open Space Economics
- Public-Private Partnership (P3)
- Fiscal and Economic Impact Analysis
- Land Use and Transportation
- Public Finance
- Real Estate Economics

EPS has offices located in Oakland, Sacramento, and Los Angeles, California, and Denver, Colorado. Since 1983, EPS has provided consulting services to hundreds of public- and private-sector clients in California, Colorado, and throughout the United States. EPS's clients consist of cities, counties, special districts, educational and other nonprofit institutions, multijurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.

EPS's professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and computer applications. EPS excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.

Key Personnel

Managing Principal Darin Smith will serve as Principal-in-Charge of this project and will oversee all aspects of the assignment. **Senior Associate Kate O'Beirne** will serve as Project Manager and will conduct the day-to-day management of this project. **Associate Rod Hall** will serve as the lead technical analyst. Please see EPS Team resumes below. Additional EPS staff may assist in identifying, collecting, and analyzing data.



Darin Smith

Managing Principal



Education

Master of City Planning,
University of Pennsylvania

Bachelor of Arts in
Psychology, University of
Pennsylvania

Previous Employment

Real Estate and Urban
Planning Consultant, ZHA,
Inc., Annapolis, MD, 1997–
2000

Retail Site Selection
Consultant, Pep Boys, Inc.,
Philadelphia, PA, 1996–1997

Honors and Awards

Congress for the New
Urbanism "Award of
Excellence" 2001 – Robert
Mueller Municipal Airport
Reuse Plan, Austin, TX

FTA/FHWA/APA
"Transportation Planning
Excellence Award" 2004—
Valley Metro Rail Station
Development Opportunities
and Strategies, Phoenix, AZ

California APA "Award of Merit
for Planning Implementation"
2002—Sonoma County
Housing Element, Sonoma
County, CA

California AIA and APA
"Awhanee Award of Honor"
2002—Hayward Cannery Area
Design Plan

Speaker—Best Practices in
Speaker – Best Practices in
Transit-Oriented
Development, Rail~volution

National Conference, 2007,
2008, 2010 and 2012

Panelist – Urban Land
Institute "Transit-Oriented
Development Marketplace,"
2007, 2008, 2009, and 2010

Lecturer—Bay Area Housing
Dynamics, Leadership San
Francisco, Class of 2007,
2008, and 2009

ABOUT

Darin Smith is a real estate economist with broad experience providing strategic advice to public and private clients on the economic and financial dimensions of land use and real estate development. Darin has helped numerous jurisdictions create strategies to promote development of affordable housing, including inclusionary policies, in-lieu fees, jobs/housing linkage fees, and developer exactions. He also has particular expertise in urban redevelopment projects large and small, negotiating public/private development and financing agreements, evaluating opportunities for transit-oriented development, and creating downtown revitalization strategies and policies.

EXPERTISE

Affordable Housing Programs and In-Lieu Fees

For the Cities of San Clemente, South Pasadena, San Mateo, Goleta, Laguna Beach, San Bruno, El Segundo, Riverside, and Newport Beach and the County of Sonoma, EPS has prepared ordinances requiring developers to provide affordable units within their market-rate developments or to pay fees in-lieu of providing affordable units.

Affordable Housing Nexus Fee Studies

For San Mateo, Mountain View, Sunnyvale, Pleasanton, Santa Rosa, Walnut Creek, Capitola, and Sonoma County, EPS has prepared nexus studies documenting the link between the development and occupancy of new market-rate housing and the demand for affordable housing, and recommending fees to mitigate these impacts.

Non Residential Linkage Fee Studies

For Culver City, Burbank, Goleta, Santa Rosa, Petaluma, Rohnert Park, Sonoma County, Windsor, and Alameda, EPS has determined the housing needs created by new retail, office, and industrial development, recommended fee programs to mitigate those impacts, and in some cases drafted linkage fee ordinances.

Housing Element Updates

For Sonoma County and the Town of Winters, EPS has prepared Housing Elements documenting the inventory of housing supply and demand for special populations, a review of the character and effectiveness of existing policies, recommendations for new policies, and documentation of available sites for new housing.

Affordable Housing Policy Reviews

For the Cities of San Mateo and Santa Rosa as well as the BART and VTA transit agencies, EPS has worked with for-profit and nonprofit housing developers to evaluate and recommend policy options that can enhance the production of affordable housing while minimizing adverse affects on the production of market-rate housing.

Residential Displacement Prevention and Mitigation Studies

For the City of Austin, EPS analyzed nationwide "best-practices" to provide local funding for affordable housing, as well as analysis and recommendations for prioritizing housing investments and creating a sustainable financing strategy for affordable housing in gentrifying neighborhoods. For Los Angeles County and the City of Mountain View, EPS provided analysis of the feasibility of requirements to replace lower-income housing units removed from the housing stock through redevelopment or reinvestment.



Kate O'Beirne



Senior Associate

Education

Master of Urban and Regional Planning, California State University, San Jose, 2012

Bachelor of Arts in Communication, University of California, Santa Barbara, 2001

Previous Employment

Independent Consultant, 2010-2017

Consultant, CBRE Consulting, 2007-2010

Real Estate Appraisal Assistant, John F. Sampson Associates, 2004-2007

Affiliations

Urban Land Institute (ULI)

ABOUT

Kate O'Beirne is an urban planner with more than 15 years of urban economics consulting experience. With expertise in the areas of real estate market analysis, urban decay analysis as a part of CEQA, and development feasibility, Kate provides analytical services for both public and private entities. Kate's practice also includes consulting services related to infrastructure finance and nexus studies, affordable housing needs and requirements, fiscal and economic impacts, and economic development. Kate is adept at preparing intricate and transparent technical models and documentation, as well as incorporating geospatial analysis using GIS as a planning and community development tool, to provide policy and decision makers with the appropriate data needed to support land use policy and transaction decisions.

SELECTED PROJECTS

Inclusionary Housing Fee Analysis—City of Folsom

As part of an update to the City of Folsom's Housing Element, EPS evaluated the city's existing inclusionary housing ordinance requirements, estimated the city's current in-lieu fee, and compared the current fee to a potential maximum supportable in-lieu fee. The analysis characterized the City of Folsom's current options for meeting affordable housing requirements and then calculated the existing in-lieu fee amount if a developer did not elect to provide affordable units on site. In addition, the analysis estimated the associated financing gap or subsidy required to develop affordable units to quantify a "maximum supportable inclusionary housing in-lieu fee" as a basis for comparison to the existing fee. This "financing gap" approach is a well-accepted methodology used in affordable housing in-lieu fee nexus studies to establish maximum supportable fees that may be charged to developers.

Monterey Inclusionary Housing Update—City of Monterey

The City of Monterey has been evaluating policy options relative to its approach toward inclusionary housing requirements in the city. Key topics include targeted income sectors, approaches toward rental versus ownership product, and potential continued use of an in-lieu fee charged against market-rate housing. EPS documented existing and emerging housing market conditions, evaluated supply trends, conducted case studies of leading approaches used by various jurisdictions, and evaluated future affordable housing demand. Building on these components, EPS developed a range of prototype feasibility pro forma analyses to test the effects of various policy approaches, with specific emphasis on density bonuses, parking, and other factors contributing to the expense of affordable housing product. EPS conducted a public workshop to present its findings and facilitate a policy discussion, providing City of Monterey staff with renewed clarity regarding key options and opportunities for improving the city's affordable housing stock.

Commercial Affordable Housing Linkage Fee Nexus Study—City of Roseville

The City of Roseville retained EPS to evaluate the need and justified amounts for a commercial affordable housing linkage fee and to complete the required nexus analysis for new commercial (i.e., nonresidential) development. A commercial linkage fee, also known as a jobs-housing linkage fee, is a type of development impact fee charged to developers of new nonresidential properties to help support affordable housing for new workers. EPS completed the required nexus analysis to quantify the relationship between the growth in several nonresidential land uses, including commercial office (including medical office), retail/restaurant, warehouse/industrial, lodging, nursing and residential care facilities, and hospitals (Commercial Land Uses) and the demand for and cost of affordable housing for the local workforce to determine the "affordability gap." The nexus (or reasonable relationship) established between the projected number of lower-wage jobs created by new development and the subsidy needed to fund this affordability gap and support the creation and maintenance of units that are affordable to workers in these jobs is the basis for the linkage fee.

Stockton Boulevard Specific Plan—City of Sacramento

EPS, in collaboration with Ascent Environmental, prepared an analysis of the economic conditions along and surrounding the Stockton Boulevard corridor, a 4-mile-long commercial corridor in the City of Sacramento. EPS prepared an assessment of key socioeconomic characteristics in the study area relative to the city and is in the process of developing an index to measure historical and future displacement risk. EPS also assisted the project team in developing economic development strategies that focus on tools and techniques to limit the effects of gentrification on neighborhood stability and to foster equitable, long-term economic sustainability of the corridor.

Vacaville Housing Analysis and Strategy—City of Vacaville

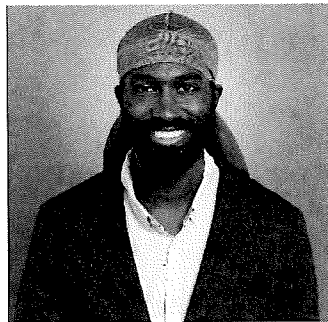
Teaming with PlaceWorks, EPS prepared a comprehensive strategy to address current and future housing needs in the City of Vacaville. The EPS Team conducted several technical analyses, including a socioeconomic context assessment and residential market demand study, and engaged the community using a robust public involvement approach, culminating in a series of recommended strategies to meet the community's housing objectives. The Housing Needs Assessment and Strategy for the City of Vacaville identifies existing socioeconomic and housing conditions and issues and gaps in housing supply, assesses the city's current policies, projects future housing needs, and offers recommendations and implementation strategies to ensure that the city can meet its housing needs over the long term. An important process of the Housing Needs Assessment and Strategy was the robust outreach to local developers and the community to identify the housing needs and wants and perceived barriers to producing housing at the levels desired by the City of Vacaville or identified by the community as missing. The outreach process solicited feedback through multiple avenues to reach different segments of the population and to develop a thorough understanding of the housing issues and included 4 virtual outreach events. The Housing Strategy was approved by the City Council in June 2022.

Pinnacles Plaza Real Estate Market Assessment—City of Greenfield

EPS undertook a real estate market assessment to provide critical information regarding market viability of various land use concepts, scale of supportable development, and critical land use adjacencies and synergies that would provide a foundation for the land use planning effort, which was an important element of the community engagement, as well as the overall project entitlement strategy. The assessment included a detailed evaluation of the regional and local housing market to establish real estate market and development economics parameters for the inclusion of residential products affordable to area residents as part of the land use program.

Placerville Broadway Corridor Housing Opportunities Study—City of Placerville

EPS, in conjunction with subconsultant, Ascent Environmental, was retained by the City of Placerville to evaluate residential market conditions in and surrounding the city, identify suitable housing prototypes for the Broadway Corridor (located adjacent to downtown Placerville), and evaluate the financial feasibility of preferred development prototypes. EPS and Ascent Environmental worked closely with the City of Placerville to establish strategies and recommendations to overcome any identified regulatory or economic hurdles to catalyze infill housing along the corridor.



Roderick (Rod) Hall



Associate

Education

Master of Community and Regional Planning, School of Planning, Public Policy, and Management at the University of Oregon, 2019
Promising Scholar

Bachelor of Science, Philosophy and Political Science, East Carolina University, 2017

Previous Employment

Project Manager, ECONorthwest, Los Angeles, CA (2021-2022)

Project Manager, Pacific Urbanism, Los Angeles, CA (2021-2021)

Organizing Director, Abundant Housing LA, Los Angeles, CA (2020-2021)

Research Analyst, Salem, OR (2019-2020)

Affiliations

American Planning Association

Up for Growth Action

Los Angeles Neighborhood Land Trust

A Way Home America

ABOUT

Roderick joined EPS's Los Angeles office in 2022. Roderick brings diverse experiences within government, non-profit advocacy, and consulting related to housing and land use, real estate development, strategic planning, and equity and racial justice. Their personal interests include housing policy, real estate development, economic and fiscal impacts, and public finance.

Roderick holds a Master of Community and Regional Planning from the University of Oregon and received their undergraduate degree from East Carolina University.

SELECTED PROJECT AND PROFESSIONAL EXPERIENCE

SGVCOG Inclusionary Housing Program (with EPS)

EPS was engaged by the San Gabriel Valley Council of Governments to provide support to participating cities in evaluating the potential for and creating inclusionary housing ordinances. EPS is conducting financial feasibility analyses to determine how each participating city can calibrate program parameters, as well as in-lieu fees. Roderick is providing technical support for the study and deliverable production.

Affordable Housing Strategy (with ECONorthwest)

Working with the City of Brisbane, ECONorthwest was hired to develop an affordable housing strategic plan. Roderick is managing efforts to understand how to restructure the inclusionary housing ordinance, identify funding streams to produce affordable housing, how to best utilize existing funding for affordable housing and what the best approach to handle management responsibilities are for funds, and to develop a strategy to maximize affordable housing in a new planned development area within the city.

Koreatown Market Analysis (with ECONorthwest)

ECONorthwest was hired to conduct a market analysis for a private sector client. Roderick managed the market analysis exploring redevelopment potential for a TOD site in Los Angeles' Koreatown District.

APANO Equitable Real Estate Strategy and Implementation Plan (with ECONorthwest)

ECONorthwest was hired by the Asian Pacific American Network of Oregon to produce an equitable real estate strategy. Roderick was project manager and leading efforts to extend and deepen the contextual understanding of the Jade District and 82nd Avenue corridor by synthesis previous and current planning efforts, as well as, designing a community engagement strategy that centers those impacted the most by planning decisions.

Redlands University TOD Market Analysis (with ECONorthwest)

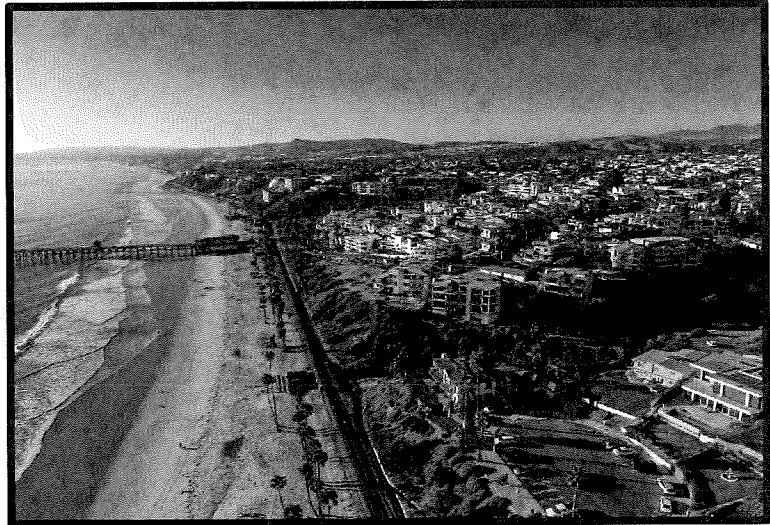
ECONorthwest was hired by a private sector client to produce a market study. Rod project managed a market analysis exploring redevelopment potential for a 30-acre site at the University of Redlands.

Project Descriptions

Inclusionary Housing Ordinances and Fee Studies

El Segundo, Riverside, San Clemente, South Pasadena, Mountain View, San Mateo, Healdsburg, Laguna Beach, San Bruno, Newport Beach, Larkspur, Santa Rosa, Gilroy, Rohnert Park, Petaluma, San Luis Obispo, Atascadero, Benicia, Sonoma and Mono counties, and other California jurisdictions

EPS has conducted numerous studies regarding inclusionary housing requirements and fees throughout California and in other states. In some cases, these studies have been limited to the calculation of a fee in lieu of a developer's obligation to provide affordable units under a pre-existing inclusionary ordinance. In other cases, EPS has helped to create or refine the actual inclusionary ordinances themselves, establishing levels of affordable housing



Source: Google Images

requirements that appropriately reflect local housing needs as well as feasibility constraints, and identifying acceptable alternative means of compliance with the requirements and processes for evaluation and implementation. In most instances, this work has involved outreach with development industry stakeholders to work through financial feasibility issues as well as procedural recommendations.

Mountain View Inclusionary Housing Ordinance Update and Fee Study

Mountain View, California



City of
Mountain View

The City of Mountain View has faced extreme housing pressures as a major employment center in Silicon Valley. EPS was retained by the City to assist with updating

the inclusionary housing ordinance to better reflect contemporary development economics as well as evolving policy considerations, including encouraging a diversity of housing pricing within their inclusionary units, rather than a single income level (for example, all affordable units at 50 percent of AMI). EPS worked with City staff to understand the economic conditions they hoped to address with the updated policy and calculated a variety of ways to amend the policy

accordingly. The calculations involved different affordability requirements as they might be applied to different types of housing developments (product types, densities, and tenures) to understand the feasibility implications of the variations. EPS also conducted individual and group discussions with housing developers and other industry representatives to ensure that the City's objectives were understood, the underlying cost and revenue assumptions were properly vetted, and staff's recommendations were previewed before going to Council. Mountain View adopted the inclusionary ordinance update and related in-lieu fees in 2019. After that effort, the City has retained EPS to assist in understanding the impacts of SB 330 and how variations in the City's zoning and rent stabilization ordinances may affect future development opportunities, as well as exploring various approaches to anti-displacement.

Culver City Affordable Housing Commercial Linkage Fee Study

Culver City, California

The City of Culver City engaged EPS to study the adoption of a commercial linkage fee on new nonresidential development. A commercial linkage fee, also known as a jobs-housing linkage fee, is a type of impact fee charged to developers of new nonresidential properties to help



Source: Google Images

support affordable housing for new workers. The conceptual underpinning of the fee is that new nonresidential development creates new jobs, and some of these jobs will pay wages below what is required for a worker to afford a market-rate housing unit in the city. In addition to performing the linkage fee study, EPS put together a set of responses to frequently asked questions for the City to post on its website. EPS also held a virtual town hall to explain the process of calculating the fee to stakeholders and members of the general public and is conducting a series of workshops with Council subcommittees. City staff expects that the fee and the related ordinance will be on the Council agenda in Spring 2021.

Inclusionary Housing In-Lieu Study

Folsom, California

As part of an update to the City of Folsom's Housing Element, EPS evaluated the City's existing inclusionary housing ordinance requirements, estimated the City's current in-lieu fee, and compared the current



Source: Google Images

fee to a potential maximum supportable in-lieu fee. The analysis characterized the City's current options for meeting affordable housing requirements and then calculates the existing in-lieu fee amount if a developer does not elect to provide affordable units on-site. In addition, the analysis estimated the associated financing gap or subsidy required to develop affordable units to quantify a "maximum supportable inclusionary housing in-lieu fee" as a basis for comparison to the existing fee. This "financing gap" approach is a well-accepted methodology used in affordable housing in-lieu fee nexus studies to establish maximum supportable fees that may be charged to developers.

3. Methodology

Project Understanding

For decades, California has faced a housing crisis related to its significant unhoused population and lack of affordability. The State Department of Housing and Community Development (HCD) established the Regional Housing Needs Allocation (RHNA) as a way to help achieve affordable housing. The RHNA determines the total housing need by income level for each metropolitan region, based on population projections, as well as adjustments, to ensure that enough housing is constructed in each region to help provide a healthy housing vacancy rate, alleviate overcrowded households, replace demolished housing units, and reduce housing cost burdens. Typically, each region distributes the allocations to the local governments in the region. Each local government must then produce a plan to accommodate the allocated housing in its jurisdiction over the planning period.

The City of Agoura Hills completed its original Inclusionary Housing Ordinance and accompanying in-lieu fee analysis in 2000 to help the City achieve its affordable RHNA housing goals. The adopted Inclusionary Housing Ordinance requires residential development projects of 10 or more units to set aside specified percentages of affordable units based on the RHNA. The accompanying in-lieu fee was included to provide developers with an alternative to constructing the required affordable units within the residential development. The most recent update to the In-Lieu Fee Analysis was adopted by City Council in September 2018, establishing the existing in-lieu fee requirements for apartment, condominium, and single-family residential projects, which ranges from \$130,159 to \$508,849 per unit based on the housing typology and income level.

Since 2018, the residential market has changed significantly: the onset of the COVID-19 Pandemic at the beginning of 2020, which caused abrupt and severe economic impacts, including increased residential turnover related to changing consumer preferences and work-from-home directives; increased construction supply costs and supply chain issues; and labor shortages. Given the economic changes, the City wants to update the 2018 analysis to establish in-lieu fees that are representative of current market rates.

With that background in mind, EPS proposes the following scope of work to review the prior housing in-lieu fee, evaluate key variables, and offer an initial assessment regarding the potential magnitude of housing in-lieu fee amounts.

Scope of Services

Task 1.1: Initiate Project and Provide Project Management

EPS will participate in a kick-off meeting with City staff to discuss and refine overall goals, schedule, contacts, and protocols for the project.

This task includes coordination between EPS Team members and City staff to ensure all parties remain on the same page throughout the project and tasks are completed on schedule. This scope of work is based on EPS's assumed attendance at one check-in meeting (excluding the project kick-off meeting).

Meetings: One virtual kick-off meeting with County staff; 2 virtual project status meetings, including a review of the draft report.

Deliverable(s): Scope and schedule refinement, if applicable.

Timeframe: Week 1 and ongoing, see the Proposed Schedule later in this chapter.

Task 1.2: Review Prior Study and Update Key Market Assumptions

EPS will review key assumptions included in the prior analysis, offering an evaluation of the overall methodology and key variables driving the analysis. This review will include both methodological considerations and updates to key assumptions including the most recent RHNA allocations and income limits defined by the HCD.

A market analysis will be conducted to assemble current local housing market data including prices for newer for-sale and rental units representing the type of projects expected by the City to be constructed in the foreseeable future. EPS currently understands these prototypes are expected to be primarily single dwelling unit ownership products, both detached and attached (townhome/condominium), and a multifamily rental product but will confirm these assumptions with City staff. This information will be referenced in the subsequent financial feasibility analysis.

EPS will review and evaluate other key variables as necessary to inform the updated calculations conducted under **Task 1.3** below.

Meetings: One virtual project status meeting to review prototypes assumptions.

Deliverable(s): Draft and final development prototype assumptions.

Timeframe: Week 2-4, see the Proposed Schedule later in this chapter.

Task 1.3: Conduct Financial Feasibility Analysis

As a basis for subsequent financial and economic analysis, EPS will work with City staff to identify up to four (4) housing prototypes that represent the bulk of expected development in the City. The prototypes will be characterized regarding their tenure (rental vs. for-sale), probable market values, relative affordability, construction costs, sensitivity to density bonus provisions (including State mandates as well as local Precise Plans), and other factors. The financial analyses will also test the economic feasibility of given prototype projects given variations in inclusionary requirements and the density bonuses allowed.

A set of "static" pro forma financial analyses will be assembled for each of the housing prototypes to determine the maximum supportable in-lieu fee by calculating the affordability gap. EPS will use the most recent HCD income limits gathered in **Task 1.2** and will provide assumptions and calculations for rents and sale prices, housing costs, developers' operating costs, profit margin indicators, and other factors that determine the values of affordable units. EPS will conduct informal interviews with up to four (4) locally active developers to vet the various assumptions used for the feasibility analysis. The pro forma analysis compares the cost of developing affordable units to their value under income-based pricing restrictions. Where the development cost exceeds the unit value, there is an affordability gap that must be subsidized to support affordable unit development. The affordability gap is then applied to the inclusionary requirements for market-rate housing development to derive a maximum supportable in-lieu affordable housing fee. This "financing gap" approach is a well-accepted methodology used in affordable housing in-lieu fee nexus studies to establish maximum supportable fees that may be charged to developers.

Meetings: One virtual meeting with staff to review feasibility findings.

Deliverable(s): Draft and final development feasibility tablesets.

Timeframe: Week 4-7, see the Proposed Schedule later in this chapter.

Task 1.4: Recommended Policy Parameters

The potential difference between the current in-lieu fee and the estimated maximum supportable in-lieu fee may prompt key policy considerations for the City. If the analysis shows that the cost of the current in-lieu fee is much lower than the estimated developer subsidy required to develop onsite affordable units, as represented by the maximum supportable fee, developers will be incentivized to pay the fee to meet the City's affordable housing requirement rather than construct affordable housing units onsite. Correspondingly, the maximum supportable in-lieu fee may be a barrier to development, potentially resulting in fewer affordable housing units than the City may be seeking to facilitate.

EPS will coordinate with City staff in formulating a set of recommended policy parameters to establish reasonable fees that will allow the City to achieve its housing goals and not disincentivize potential developers.

Meetings: One virtual project status meeting to review policy recommendations.

Deliverable(s): Draft policy recommendations summary.

Timeframe: Week 5-7, see the Proposed Schedule later in this chapter.

Task 1.5: Prepare and Present Draft and Final Technical Memorandum

EPS will prepare a concise memorandum that documents the assumptions and methodology used to calculate the maximum supportable fee and support the proposed inclusionary housing in-lieu fee to be charged to developers as an alternative to constructing residential units for Very Low-, Low-, and Moderate-income levels. The Inclusionary Housing In-Lieu Fee draft memo will be provided to the City to review. Based on the outcomes of the review and on receipt of one set of consolidated and non-conflicting comments from the City, EPS will incorporate necessary revisions and prepare a final memorandum for presentation to the City Council.

Meetings: One virtual project status meeting to review comments from the City and one virtual City Council presentation.

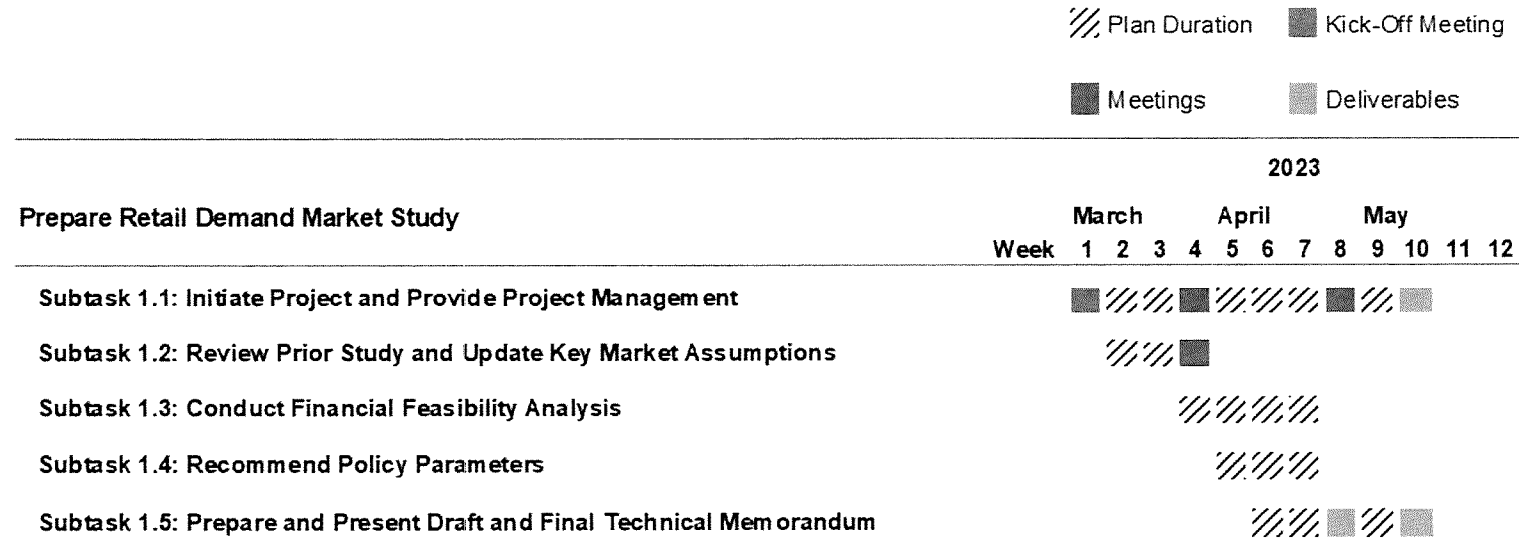
Deliverable(s): Draft and Final Inclusionary Housing In-Lieu Fee Update memorandums.

Timeframe: Week 6-10, see the Proposed Schedule later in this chapter.

Schedule

EPS will begin working on this project as soon as contract approval is received, and EPS will provide the City with accurate information and work products on a schedule that meets the City's needs. EPS believes the Inclusionary Housing In-Lieu Fee Analysis could be completed within approximately 6 to 8 weeks after receiving authorization from the City, as presented in **Table 1**, but EPS is willing to work with the City to establish a more aggressive timeframe if needed.

Table 1. Proposed Schedule



4. Cost Basis

As requested by the City, the Cost Basis is included under separate cover entitled, "Cost Proposal."

5. References

City of San Clemente

Jennifer Savage, Asst. to the City Manager
910 Calle Negocio
San Clemente, CA 92673
SavageJ@san-clemente.org
(949) 361-6186

City of Mountain View

Wayne Chen, Asst. Community Development Director
500 Castro Street
Mountain View, CA 94041
Wayne.chen@mountainview.gov
(650) 903-6462

City of Culver City

Todd Tipton, Deputy Community Development Director/Economic
Development Manager
9770 Culver Boulevard
Culver City, CA 90232
todd.tipton@culvercity.org
(310) 253-5783

City of Folsom

Stephanie Traylor Henry, Senior Planner
50 Natoma Street
Folsom, CA 95630
shenry@folsom.ca.us
(916) 461-6208

EXHIBIT B
PAYMENT RATES AND SCHEDULE

Please see attached cost proposal

Cost Proposal for

Updating the Housing In-Lieu Fee Analysis for the City of Agoura Hills

The Economics of Land Use



Prepared by:

Economic & Planning Systems, Inc. (EPS)

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510 841 9190 tel*

January 24, 2023

*Oakland
Sacramento
Denver
Los Angeles*

EPS #232001

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Cost Basis

Subtask/ Description	EPS				Staff Cost Subtotal	Direct Expenses [1]	Total EPS
	Principal-in- Charge Smith	Project Manager O'Beirne	Technical Analyst Hall	Production Staff			
Prepare Inclusionary Housing In-Lieu Fee Update							
Subtask 1.1: Initiate Project and Provide Project Management	2	8	2	-	\$2,680	\$0	\$2,680
Subtask 1.2: Review Prior Study and Update Key Market Assumptions	2	4	8	-	\$3,030	\$50	\$3,080
Subtask 1.3: Conduct Financial Feasibility Analysis	6	20	40	-	\$13,850	\$0	\$13,850
Subtask 1.4: Recommend Policy Parameters	8	10	10	-	\$6,600	\$0	\$6,600
Subtask 1.5: Prepare and Present Draft and Final Technical Memorandum	10	12	20	6	\$10,150	\$500	\$10,650
TOTAL HOURS	28	54	80	6			\$36,860
<i>Billing Rates [2]</i>	\$325	\$205	\$195	\$90			
TOTAL PROJECT COSTS	\$9,100	\$11,070	\$15,600	\$540	\$36,310	\$550	\$36,860

[1] Direct costs include costs related to travel, acquiring data, mileage, reproduction, and other non-staff costs.

[2] Billing rates shown are applicable during calendar year 2023 and are subject to change annually.