



DEPARTMENT OF
PUBLIC WORKS

ENGINEERING DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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January 12, 1994

Law and Legislation Committee
Sacramento, California

Honorable Members In Session:

**SUBJECT: AN ORDINANCE AMENDING SACRAMENTO CITY CODE, SECTION
40.16.1605, RELATING TO CALCULATION OF IN-LIEU FEES FOR
PARKLAND DEDICATION**

LOCATION/COUNCIL DISTRICT: City-wide.

RECOMMENDATION:

This report recommends that the City Council amend Sacramento City Code, Section 40.16.1605, relating to the calculation of In-Lieu Fees for Parkland Dedication purposes that:

1. Eliminates the existing appraiser qualifications and substitute a requirement that appraisers be State Certified General Real Estate Appraisers, and
2. Permits in-lieu fees based on an appraisal obtained by the City in the event that a subdivider's appraisal is determined to be inaccurate.

CONTACT PERSON:

Bruce Alei, Acting Real Property Supervisor,
264-5055

FOR COMMITTEE MEETING OF: February 15, 1994

SUMMARY

City Code Section 40.16.1605 presently requires that appraisals be conducted by appraisers holding either an MAI, SREA, SRPA or ASA designation. Since enactment of this code section, the State of California Office of Real Estate Appraisers has developed an approval process for licensing real estate appraisers. Under this

**Law and Legislation Committee
Calculation of In-Lieu Fees for Parkland Dedication Procedure
January 12, 1994**

approval process the State has licensed approximately 5,000 State Certified General Real Estate Appraisers.

The above-referenced State approval process meets the competency requirement sought under City Code. In addition, a pool of State Certified General Real Estate Appraisers of adequate size exists from which to draw qualified appraisers.

Present City Code Section 40.16.1605 does not expressly permit in-lieu fees based on an appraisal obtained by the City when a subdivider's appraisal is determined to be inaccurate. Staff recommends such authority should be added.

BACKGROUND

The current City Code Section requires that appraisals "shall be made at the subdivider's expense, by an active MAI, SREA, or SRPA member in good standing of the Appraisal Institute or an active ASA (urban real property) member in good standing of the American Society of Appraisals, and shall meet the standards observed by a competent member of the professional organization."

Since this code provision was enacted, a new agency of the State of California, the Office of Real Estate Appraisers, has developed a pool of approximately 5,000 State Certified General Real Estate Appraisers.

To become a State Certified General Appraiser, a candidate must accumulate at least 2,000 hours of appraisal experience, 1,000 hours of which must be in non-residential appraising. In addition, a candidate must have successfully completed 165 hours of Office and Real Estate Appraisers approved courses. Finally, a candidate must pass an Office of Real Estate Appraisers sponsored competency test. State Certified General Real Estate Appraisers are approved to appraise all real estate transactions without regard to transaction value or complexity.

MAI, SREA, SRPA, and ASA are each professional designations granted by professional appraisal organizations. Each is recognized in the industry as requiring a high degree of competency. However, the requirements of a State Certified General Real Estate Appraiser are also high. As such, staff believes they are adequate to ensure that appraisers meet the standards specified in the Uniform Standards of Professional Appraisal Practice which must be adhered to as a requirement of certification by the State. In addition, this amendment will bring the City Code into conformity with State legislation covering qualifications for real estate appraisers.

Law and Legislation Committee
Calculation of In-Lieu Fees for Parkland Dedication Procedure
January 12, 1994

Staff also requests authority within City Code Section 40.16.1605 to permit in-lieu fees based on a second appraisal obtained by the City where an appraisal submitted by a subdivider is found to be inaccurate. This authority is needed to prevent an impasse when an appraiser refuses to correct inaccuracies found in an appraisal which has been submitted.

FINANCIAL CONSIDERATIONS

There will be no additional cost resulting from this change.

POLICY CONSIDERATIONS

The impact of this policy change will be to bring the City's criteria for selecting appraisers into line with the State's criteria for certifying appraisers and to permit the City to base the fee determination upon its own appraisal in cases where the subdivider's appraisal is found to be inaccurate.

MBE/WBE

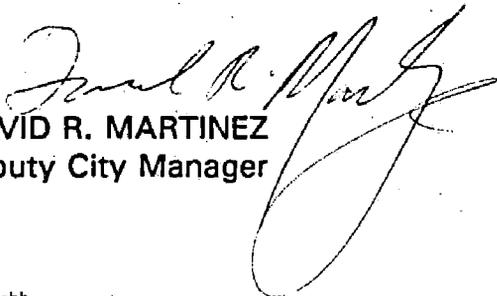
Not applicable as no goods or services are being purchased.

Respectfully submitted:



WALT UEDA
Special Services Division Manager

RECOMMENDATION APPROVED:



DAVID R. MARTINEZ
Deputy City Manager

APPROVED:



MICHAEL KASHIWAGI
Deputy Director of Public Works

GR:nl:ehh
RE2-31.C.LL
01.1994.1

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AMENDING
SACRAMENTO CITY CODE, SECTION 40.16.1605,
RELATING TO CALCULATION OF IN-LIEU FEES
FOR PARKLAND DEDICATION**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the following changes will be made, amending City Code:

1. That existing appraiser qualifications be eliminated and substituted with the requirement that appraisers be State Certified General Real Estate Appraisers.
2. That in-lieu fees be permitted based on an appraisal obtained by the City in the event that a subdivider's appraisal is determined to be inaccurate.

MAYOR

ATTEST:

CITY CLERK

RE2-31.C.LL
01.1994.1

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED _____

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE AMENDING SACRAMENTO CITY CODE SECTION 40.16.1605, RELATING TO CALCULATION OF IN-LIEU FEES FOR PARKLAND DEDICATION

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 40.16.1605 of the Sacramento City Code is hereby amended to read as follows:

§ 40.16.1605 Calculation of In-Lieu Fees; Appraisal.

When a fee is to be paid in lieu of land dedication, the amount of such fee shall be based upon the fair market value as described below, plus 20% for off-site improvements such as utility line extensions, curb, gutter and pavement and street lights.

- (a) The amount to be paid shall be a sum calculated pursuant to the following formula:

$$A \times V = M$$

where

A = the amount of land required for dedication as determined in Section 40.16.1603;

V = fair market value (per acre) of the property to be subdivided, as established by an appraisal;

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ORDINANCE NO.: _____

DATE ADOPTED: _____

M = the number of dollars to be paid in lieu of dedication of land, to which shall be added 20% for off-site improvements.

(b) For purposes of calculating the in-lieu fee under this section, the subdivider shall cause an appraisal of the property to be subdivided to be made. The appraisal shall be made at the subdivider's expense by a person qualified as a Certified General Real Estate Appraiser by the California Office of Real Estate Appraisers, and shall meet the standards specified in the Uniform Standards of Professional Appraisal Practice. The appraiser shall appraise the gross tentative map area at its unencumbered (free and clear) value, as if at the approved tentative map stage of development and as if any assessments or other encumbrances to which the property is subject had been paid off in full prior to the date of appraisal. Factors to be considered during the evaluation shall include the following:

- 1. Conditions of the tentative subdivision map;**
- 2. The General Plan;**
- 3. Zoning and density;**
- 4. Property location;**
- 5. Off-site improvements facilitating use of the property;**
- 6. Site characteristics of the property;**
- 7. Existing public improvements (e.g., existing streets, canals) which have the effect of reducing usable gross tentative map area.**

The appraisal shall value the property as of a date no earlier than 90 days prior to the recording of the final map, or the payment of the fee, whichever occurs later. The appraisal shall clearly state the fair market value (V) of the property in dollars per gross acre. Three (3) copies of the appraisal shall be delivered to the Public Works Development Services Section for distribution.

In the event the City's real property supervisor determines the appraisal is inaccurate, the City may cause a second appraisal to be made at its expense by an appraiser with the above-described qualifications, and the second appraisal shall be used for purposes of calculating the in-lieu fee.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK