



COUNTY OF PLACER
Community Development/Resource Agency

Michael J. Johnson, AICP
Agency Director

PLANNING
SERVICES DIVISION

Paul Thompson, Deputy Director

MEMORANDUM

TO: Honorable Board of Supervisors

FROM: Michael J. Johnson, AICP
Agency Director *MJ.*

DATE: December 11, 2012

SUBJECT: **DEVELOPMENT IMPACT FEE DEFERRAL PROGRAM -
SECOND TWO-YEAR EXTENSION**

ACTION REQUESTED

Introduce an ordinance amending Article 15.70 of the County Code to approve a two (2) year extension of the County's Development Impact Fee Deferral Program, which was originally adopted by the Board on December 9, 2008, and approved for a two-year extension of time on December 14, 2010. The program will result in incremental/nominal budgeted net costs to the County.

BACKGROUND

On November 25, 2008, the Board was presented with a discussion item related to fee deferral programs. In response to the pressing need for economic recovery outlined by the Placer County Contractors Association and Builders Exchange (PCCA), the Board directed staff to return with an ordinance for consideration that would implement, as quickly as reasonably practical, a fee deferral program for both residential and nonresidential development in the unincorporated areas of the County. Staff was also requested to provide an urgency ordinance provision as part of the package.

The Community Development Resource Agency received at the time a request from the (PCCA) to consider fee deferrals for single-family residences as well as non-residential and multi-family developments in response to the statewide slowing of the housing market. Until the deferral program was implemented in 2008, the Code required all development impact fees and building permit fees be paid in full at issuance of a building permit.

Over the past several years, several surrounding municipalities have approved some type of development impact fee deferral program including the cities of Elk Grove, Folsom and Roseville. The County of Sacramento has had a fee deferral program in place since the late 1990's. Typically, the fee deferral program allows the deferral of certain impact fees until the occupancy of the residence or business.

On December 9, 2008, the Board unanimously adopted Ordinance 5535-B which allowed for the deferral of certain impact fees for residential and nonresidential development projects through December 31, 2010. The fee deferral program responded to the market conditions of single-family residential and nonresidential development, and was intended to be temporary. Due to the ongoing economic slowdown, the Board approved a two-year extension of time for the program, which will be ending on December 31, 2012. Although the housing market is beginning to show initial signs of a

recovery, it is requested that the Board approve another two-year extension of time for this program in order to continue to stimulate growth within the development community.

FEE DEFERRAL PROGRAM ELEMENTS

The following summarizes the elements of the fee deferral program which was enacted for both residential and nonresidential projects. Eligible impact fees include:

- Sewer Impact Fees
- Traffic Impact Fees
- Capital Facilities Fees
- Park Fees

Single-Family Residential Fee Deferral Program

1. Available to all new single-family residences;
2. Deferral will apply to County-controlled fees listed above;
3. The deferred fees will be paid to the County upon the earlier of:
 - a. a request for a final building inspection on the home;
 - b. the close of escrow, if the security provided is the senior lien on the property, or
 - c. twenty-four (24) months from the date of any agreement for a fee deferral.
4. Any fees deferred would be paid at the rate in effect at the time of application;
5. Property tax obligations on all properties owned by applicant must be paid; and
6. The current deferral program will end December 31, 2012. Complete applications must be received before this date to participate in the program as currently established. It is staff's request to extend this deadline to December 31, 2014.

Multi-family Residential or Nonresidential Fee Deferral Program

1. Available to all new multi-family residential and new nonresidential projects;
2. Deferral will apply to County-controlled fees listed above;
3. The deferred fees will be paid to the County prior to the issuance of a Certificate of Occupancy;
4. Any fees deferred would be paid at the rate in effect at the time of application;
5. Applicants for a fee deferral must have an approved project, defined as a project that has received final discretionary action by the Board of Supervisors including completion of all environmental compliance requirements;
6. Property tax obligations on all properties owned by applicant must be paid; and
7. The current deferral program will end December 31, 2012. Complete applications must be received before this date to participate in the program as currently established. It is staff's request to extend this deadline to December 31, 2014.

STATISTICS FROM THE LAST TWO YEARS:

Type of Building	Fee Deferred	Fee Paid
MEDICAL OFFICE	\$6,069.52	\$0
SINGLE FAMILY <3000	\$48,107.26	\$13,861.31
SINGLE FAMILY >3000	\$20,005.18	\$20,005.18
Totals	\$74,181.96	\$33,866.49

The information in the above table illustrates that approximately 46 percent of the deferred fees have been paid back to the County to date. The remainder of the fees are not due until 2013 and 2014.

FISCAL IMPACT

Implementing the program will result in incremental and nominal budgeted net costs to the County. The additional costs to implement the program are a result of increased staff demand to service the program and lost interest over the life of the deferments. However, as these are tasks that staff would normally complete in the processing of a building permit, any incremental increase in staff costs associated with the fee deferral program are nominal and budgeted.

While not quantifiable, it is expected that returns to the County will be in the form of increased economic activity.

Attached to this report for the Board's information/consideration are:

ATTACHMENTS:

Attachment 1: Ordinance Amending Article 15.70

cc: David Boesch, Placer County Executive Officer
Karin Schwab, County Counsel
Michael Johnson, CDRA Director/Planning Director
Paul Thompson, Planning Services Division Manager
Jeff Henry, Director of Business Development, PCCA
Darin Gale, Executive Director North State BIA
Jim Durfee, Director of Facilities
Ken Grehm, Public Works Director

Before the Board of Supervisors County of Placer, State of California

In the matter of:

An Ordinance amending Chapter 15,
Article 15.70, Fee Deferral Program,
Section 15.70.120 Expiration.

Ordinance No.: _____
FIRST READING: _____

The following ORDINANCE was duly passed by the Board of Supervisors of the County
of Placer at a regular meeting held _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Board of Supervisors

Ann Holman

Jennifer Montgomery

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1: Placer County Code Chapter 15, Article 15.70, Section 15.70.120 is hereby amended as follows:

15.70.120 Expiration.

This article shall be effective as of January 1, 2011 and shall remain in effect until December 31, 2012 **2014**, and as of that date is repealed. Any fee deferred agreement entered into prior to the date of repeal shall remain in full force and effect in accordance with its terms.

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ATTACHMENT 1

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ORDINANCE NO. _____

SECTION 2: This ordinance shall become effective thirty (30) days after the date of final passage. The Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code section 25124.

