

Michael J. Johnson, AICP
Agency Director

Tim Wegner, Chief Building Officer

MEMORANDUM

TO: Honorable Board of Supervisors
FROM: Michael J. Johnson, AICP
Agency Director
By: Jeff Thomas, Building Manager
DATE: November 3, 2015
SUBJECT: Development Impact Fee Deferral Program

ACTION REQUESTED

1. Introduce an Ordinance, waive reading, to reenact Article 15.70 of the County Code to reinstitute a two (2) year Development Impact Fee Deferral Program.

BACKGROUND

In 2008, the Community Development/Resource Agency received requests from the Placer County Contractors Association and Builders Exchange (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.

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 two, two-year extensions of time for the program, which ended on December 31, 2014. Pursuant to the terms of the Ordinance, the Ordinance was repealed as of December 31, 2014. The fee deferral program that was in effect from 2008 to 2014 was utilized by 29 projects.

ANALYSIS

Although the housing market is slowly recovering, it is requested that the Board approve the reinstatement of the Ordinance in order to continue to stimulate growth within the development community. If adopted, the fee deferral program would be implemented for a two-year period of time, ending December 31, 2017.

In an effort to allow for payment timing options of impact fees and potentially further stimulate economic development, staff is putting forth this recommendation as an aid to the community to defer the noted mitigation fees until prior to the use of the facility and any resulting impact. Making this fee deferral option available to constituents will allow for lower initial startup construction costs for commercial and residential projects; thereby, making projects more affordable to a wider range of the public.

FEE DEFERRAL PROGRAM ELEMENTS

The following summarizes the elements of the fee deferral program. 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 or rates applicable at the time of payment;
5. Property tax obligations on all properties owned by applicant must be paid and current; and
6. Complete applications must be received before the expiration date in order to be eligible for the fee deferral program. If the building permit application associated with an approved fee deferral expires, a new complete fee deferral application shall be filed.

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 or rates applicable at the time of payment;
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 current; and
7. Complete applications must be received before the expiration date in order to be eligible for the fee deferral program. If the building permit application associated with an approved fee deferral expires, a new complete fee deferral application shall be filed.

FISCAL IMPACT

None.

Attachment 1: Ordinance Reenacting Article 15.70

CC: David Boesch, County Executive Officer
Karin Schwab, County Counsel
Michael Johnson, CDRA Director/Planning Director
Ken Grehm, Public Works and Facilities Services Director
Loren Clark, Assistant CDRA Director (Auburn)
Paul Thompson, Assistant CDRA Director (Tahoe)
Tim Wegner, Chief Building Official

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

In the matter of:

Ord. No: _____

An Ordinance reenacting Chapter 15, Article
15.70, Fee Deferral Program.

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.

Chair, Board of Supervisors

Attest:

Clerk of said Board

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 is hereby enacted as follows:

15.70.010 Title.

This article shall be known and cited as the "Fee Deferral Program Ordinance."

ATTACHMENT 1

15.70.020 Purpose.

The Placer County board of supervisors desires to encourage the construction of residential and nonresidential development projects within the County. The Board of Supervisors finds that the early payment of certain impact fees for new development under current financial conditions creates a barrier to such development and desires, by the adoption of this article, to ease such barriers by deferring on a temporary basis the time for payment of certain development impact fees.

15.70.030 Applicable fee programs.

Notwithstanding any other provision of this code, upon application and approval pursuant to this article, an approved development project shall pay the following fees as allowed in accordance with the provisions of this article:

- A. Sewer connection fees imposed pursuant to Section 13.12.270 of this code;
- B. Traffic impact fees imposed pursuant to Section 15.28.030 of this code;
- C. Public facility fees imposed pursuant to Section 15.30.020 of this code; and
- D. Parks and recreation facilities fees imposed pursuant to Section 15.34.060 of this code.

15.70.040 Definitions.

“Agency Director” means the director of the Community Development Resource Agency, or designee.

“Applicant” means the owner or owners of record of the real property with an approved development project for which a fee deferral is sought pursuant to this article.

“Approved development project” means a project that has received final discretionary action by the County and which has completed all environmental compliance requirements.

15.70.050 Fee deferral program.

- A. At the time of building permit issuance or the time of improvement plan approval, an applicant of an approved development project may file a written application with the County to request deferral of any of those fees enumerated in Section 15.70.030 of this article.
- B. Deferral of fees pursuant to this article shall be acknowledged by an agreement or other writing satisfactory to the Agency Director and approved by County Counsel. Said agreement may be executed by the Agency Director.
- C. All of the following requirements must be satisfied prior to execution of a fee deferral agreement by the Agency Director: (1) submittal to the County of a complete application; (2) deposit of all fees pursuant to Sections 15.70.060 and 15.70.100; (3) deposit of security for the payment of those fees to be deferred pursuant to Section 15.70.070; and (4) submittal of evidence that all property tax obligations of the applicant are paid in full for the approved development project and all other property owned by the applicant in unincorporated Placer County.
- D. Fees that are approved for deferral for a single-family residential development project pursuant to this article shall be due and payable for each individual lot within the approved development project upon the earlier of: (1) a request for final inspection under a building permit; (2) the close of escrow, if the security provided pursuant to Section 15.70.070 is the senior lien on the property; or (3)

the end of the maximum fee deferral period as set forth in the agreement required pursuant to subsection B of this section.

- E. Fees that are approved for deferral for a multifamily residential project or a nonresidential development project pursuant to this article shall be due and payable for each building within the project upon request of issuance of a certificate of occupancy.
- F. The maximum fee deferral period for any development project is twenty-four (24) months from the date of any agreement for a fee deferral required pursuant to subsection B of this section. If not paid within the twenty-four (24) month fee deferral period, a penalty and interest shall accrue on any unpaid balance pursuant to Section 15.70.080.
- G. The approval of a fee deferral pursuant to this article for any approved development project shall not be transferable to another project regardless of whether the applicant is the same for both projects or whether the other project is also a qualified project.
- H. The Agency Director is authorized to administer this fee deferral program consistent with the intent of this article.

15.70.060 Administrative processing fees and fee deferral program application.

If an applicant requests deferral to final inspection or certificate of occupancy, no administrative processing fees will apply. If an applicant requests deferral to close of escrow, a non-refundable administrative processing fee of five hundred dollars (\$500.00) is hereby established for payment at the time of each individual program application for the purpose of funding the costs of administering the fee deferral program established by this article. The application for fee deferral may be submitted concurrently with or in advance of any application for building permits for the subject property and shall be accompanied by any security and application fees required by this article. In no event, however, shall a building permit be issued until one of the following has occurred:

- A. Payment of all applicable fees due in accordance with this code; or
- B. Execution of a fee deferral agreement in accordance with this article.

15.70.070 Security.

At the time of application for deferral to close of escrow, the applicant shall provide security for the payment of those fees to be deferred. Such security shall be subject to the approval of the County and shall consist of one or more of the following:

- A. Assigned passbook or certificate of deposit;
- B. Irrevocable letter of credit;
- C. Surety bond;
- D. Lien against the property; or
- E. Negotiable securities if approved by the Board of Supervisors.

15.70.080 Penalty and interest.

For all approved development projects which have been executed, an agreement for a deferral of fees pursuant to this article, no interest shall accrue during the period of deferral. However, in the event the deferred fees are not paid at the time required by the agreement, a one-time penalty equal to the annual rate of interest earned by the county of Placer on the investment of pooled funds computed on the unpaid balance from the

date of execution of the deferral agreement to time of payment due, shall be imposed and payable, and interest shall thereafter accrue on the balance of the unpaid deferred fees and penalty at the rate set forth in Code of Civil Procedure Section 685.010.

15.70.090 Payment of deferred fees as adjusted.

Deferred fees shall be paid at the rate or rates applicable at the time of payment.

15.70.100 Recordation costs.

All costs of recordation of documents required pursuant to this article shall be paid by the applicant at the time of execution of any fee deferral agreement pursuant to Section 15.70.050(B).

15.70.110 Property tax obligations.

At the time of application, the applicant shall provide evidence that all property tax obligations of the applicant for all property owned by the applicant in unincorporated Placer County are paid in full at the time of execution of any fee deferral agreement pursuant to Section 15.70.050(B).

15.70.120 Expiration.

This Ordinance shall be effective as of January 1, 2016 and shall remain in effect until December 31, 2017, and as of that date is repealed. Any fee deferral agreement entered into prior to the date of repeal of this article, shall remain in full force and effect in accordance with its terms.

SECTION 2: This Ordinance shall be effective as of January 1, 2016. The Clerk is directed to publish this Ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code section 25124.