



COUNTY OF PLACER
Community Development Resource Agency

John Marin, Agency Director

ADMINISTRATION

MEMORANDUM

TO: Honorable Board of Supervisors
FROM: John Marin, CDRA Director
DATE: November 25, 2008
SUBJECT: DEVELOPMENT IMPACT FEE DEFERRAL PROGRAM

ACTION REQUESTED:

The Placer County Community Development Resource Agency respectfully requests your Board provide direction regarding a request from the Placer County Contractors Association and Builders Exchange (PCCA) to defer impact fees related to traffic, sewer and park mitigation.

It is our intent to return to the Board for follow up action should your Board direct staff to create and implement a fee deferral program.

BACKGROUND:

The Community Development Resource Agency has received a request from 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. County code currently requires all development impact fees and building permit fees be paid in full at issuance of a building permit.

Over the past year, 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 for several years. Typically, the fee deferral program allows the deferral of certain impact fees until the occupancy of the residence or business.

COMPONENTS OF THE PROGRAM

The fee deferral program is being considered to respond to the current market conditions of single-family residential and nonresidential development. Therefore the program being developed is intended to be temporary.

The following summarizes the elements of the proposed fee deferral program 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

Fee deferral to building final inspection:

1. Available to all new single-family residences;
2. Deferral will apply to County controlled fees;
3. The deferred fees will be paid to the County prior to the final building inspection on the home;
4. Any fees deferred would be paid at the rate in effect at the time of payment; and
5. The deferral program will end December 31, 2009. Applications must be received before this date to participate in the program.

Fee deferral to close of escrow:

1. Available to all new single-family residences;
2. Deferral will apply to County controlled fees;
3. Execution of a note disclosing the obligation to pay fees and recordation of a first deed of trust in favor of the County in the amount of fees being deferred for the respective lot;
4. Payment of a one-time service fee for staff time to administer lien program documents; *(fee yet to be determined)*
5. The deferred fees will be paid to the County at close of escrow or within one year of the deed of trust being recorded, whichever occurs first;
6. Any fees deferred would be paid at the rate in effect at the time of payment; and
7. The deferral program will end December 31, 2009. Applications must be received before this date to participate in the program.

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;
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 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; and
6. The deferral program will end December 31, 2009. Applications must be received before this date to participate in the program.

Fees to be deferred are those that are within the County's control as some regional fees are collected by the County and are required to be passed through directly to our regional partners. A typical single-family residential permit in Placer County is approximately \$40,000.00 and approximately \$21,000.00 may be eligible for deferral through the proposed program. a requirement of the program would be that all property tax payments be paid in full at the time of deferral application.

The program is recommended as temporary expiring at the end of the calendar year 2009. The County could extend the program should circumstances warrant. Upon Board direction, sufficient time is necessary to implement changes in County code, software changes, staff training and outreach to the County's building partners.

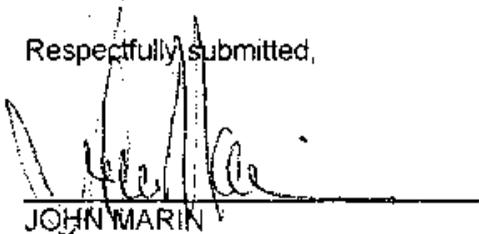
FISCAL IMPACT:

Implementing the program is expected to result in 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

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

Respectfully submitted,



JOHN MARIN

Director - Community Development Resource Agency

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

ATTACHMENTS:

Exhibit 1: 11-04-08 Request from the Placer County Contractors Association & Builders Exchange

Exhibit 2: Sample of Deferral Eligible Fees

cc: Tom Miller, Placer County Executive Officer
Michael Johnson, Planning Director
Jeff Henry, Director of Business Development, PCCA
Jim Durfee, Director of Facilities
Ken Grehm, Public Works Director

Placer County Contractors Association & Builders Exchange

PCCA

November 4, 2008

Tom Miller
County Executive Officer
175 Fulweiler Avenue
Auburn, CA
95603

Dear Mr. Miller,

On behalf of the Placer County Contractors Association, I would like to express my appreciation for meeting with Cheryl, Mike and I last Thursday, October 30th.

There are several economic hurdles that are currently in the way of not only larger development projects, but also the single family building their own home. From the already tightened credit situation to the deflating home prices, there are fewer and fewer projects moving forward in the Placer County area.

One key hurdle is the permit fee. A minor change in the way banks lend money has become a major obstacle for the small homebuilder and their clients. When, in the past, a construction loan would bundle fees into the financing, it is now more common to simply fund the actual construction and place the upfront cost of permitting on the homeowner.

Many times, this is enough to stop the project. In fact, as we discussed during our meeting, it will stop a specific project. The PCCA, on behalf of its small business members, is offering a solution to help stimulate building. We believe that it would be practical to defer the collection of fees towards the end of the project cycle. This will allow builders and homeowners to move their projects forward with reduced upfront costs. The fees would still be collected, but deferred to occupancy, allowing loans, sales and other funding mechanisms to catch up with the completion of the project.

The Planning Departments would benefit by stimulating development, knowing that the fees would be due, rather than hoping development comes forward at all. There are several mechanisms the Planning Department could use to insure the fees would be paid, property liens and the withholding of final occupancy permits being the most obvious.

We encourage you to consider this concept favorably, and wish to work closely with you to advance this program and provide an opportunity for people to move forward with their plans to build, benefiting not only the homeowner but also the multitude of businesses that depend on those projects. I believe the opportunity for single-family homes, subdivision, even commercial benefits are such that this would be a worthwhile policy to adopt.



Sincerely,
Jeff Henry
Director of Business Development
Placer County Contractors Association
And Builders Exchange

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Roseville, CA 95678
Phone (916) 771-7229
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www.placerbx.com

**SAMPLE: 2500 sq. ft. Residence in North Auburn
\$37,567.92 TOTAL ESTIMATED FEES**

IMPACT FEES ELIGIBLE FOR DEFERRAL	
Sewer, Traffic Fee, Facilities Fee, Parks	\$18,998.63
51% OF TOTAL	
PROCESSING FEES NOT ELIGIBLE FOR DEFERRAL	
Plan Check	\$773.15
Building Permit (Grading, Records, Electrical, Mechanical, Plumbing, Energy, Building, Driveway)	\$1624.05
Total	\$2397.20
6% OF TOTAL	
NON-COUNTY JURISDICTION NOT ELIGIBLE FOR DEFERRAL	
School, Water, Fire, Seismic.	\$16,172.09
43% TOTAL	

**SAMPLE: 2500 sq. ft. Residence in Granite Bay
\$42,325.08 TOTAL ESTIMATED FEES**

IMPACT FEES ELIGIBLE FOR DEFERRAL	
Sewer, Traffic Fee, Facilities Fee, Parks	\$22,939.79
54% OF TOTAL	
PROCESSING FEES NOT ELIGIBLE FOR DEFERRAL	
Plan Check	\$773.15
Building Permit (Grading, Records, Electrical, Mechanical, Plumbing, Energy, Building, Driveway)	\$1624.05
Total	\$2397.20
6% OF TOTAL	
NON-COUNTY JURISDICTION NOT ELIGIBLE FOR DEFERRAL	
School, Water, Fire, Seismic.	\$16,988.09
40% TOTAL	

**SAMPLE: 10000 sq. ft. Commercial Construction in No. Auburn
\$122,045.91 TOTAL ESTIMATED FEES**

IMPACT FEES ELIGIBLE FOR DEFERRAL	
Sewer, Traffic Fee, Facilities Fee, Parks	\$75,396.01
62% OF TOTAL	
PROCESSING FEES NOT ELIGIBLE FOR DEFERRAL	
Building Permit: Plan Check, Permit, Electrical, Mechanical, Plumbing, Accessibility, Energy, Records.	\$7,558.98
Phase I: Predevelopment, Environmental Review, Use, Improvement Plans, Design Review, Sign Permit	\$12,560.00
<i>Total</i>	\$20,118.98
16% OF TOTAL	
NON-COUNTY JURISDICTION NOT ELIGIBLE FOR DEFERRAL	
School, Water, Fire, Seismic.	\$26,530.92
22% TOTAL	

**SAMPLE: 10000 sq. ft. Commercial Construction in Granite Bay
\$188,147.98 TOTAL ESTIMATED FEES**

IMPACT FEES ELIGIBLE FOR DEFERRAL	
Sewer, Traffic Fee, Facilities Fee, Parks	\$119,886.00
64% OF TOTAL	
PROCESSING FEES NOT ELIGIBLE FOR DEFERRAL	
Building Permit: Plan Check, Permit, Electrical, Mechanical, Plumbing, Accessibility, Energy, Records.	\$7,533.98
Phase I: Predevelopment, Environmental Review, Use, Improvement Plans, Design Review, Sign Permit	\$12,560.00
<i>Total</i>	\$20,093.98
11% OF TOTAL	
NON-COUNTY JURISDICTION NOT ELIGIBLE FOR DEFERRAL	
School, Water, Fire, Seismic.	\$48,168.00
25% TOTAL	