

CITY OF YUBA CITY  
STAFF REPORT

**Date:** November 18, 2008  
**To:** Honorable Mayor & Members of the City Council  
**From:** Community Development Department  
**Presentation By:** Aaron M. Busch, Community Development Director

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**Summary**

**Subject:** Annual Review of Development Impact Fee Update.

**Recommendation:** Given the fact that the offset in impact fees is not a significant amount, it would be prudent at this time to hold impact fees at their current levels in an effort to stimulate economic activity.

**Fiscal Impact:** The potential revenue which could be lost as a result of a continuation of the "freeze" period on the development impact fees is dependent on the amount of development which occurs. At this year's rate of development, approximately \$150,000 in impact fees would be deferred with a continuation of the implementation freeze.

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**Background:**

At the October 16, 2007 City Council meeting, the Council conducting a public hearing for proposed AB 1600 update to the City's Development Impact Fees and ultimately approved the new fee updates with a phased-in implementation schedule. The proposed phase-in of the ultimate fees was due to the condition of the economy last year. The Council approved the following implementation schedule:

**Residential Projects:** One year "freeze" of 2007 impact fees; plus annual inflationary adjustment; plus full levee fee. Initiate incremental increase (33% of ultimate fee) beginning year two (January 2009), with achievement of ultimate fee in January 2011.

**Non-Residential Projects:** One year "freeze" of 2007 impact fees; plus annual inflationary adjustment; plus full levee fee. Council to revisit the issue of impact fees for non-residential uses at the end of the one year freeze and determine: 1) if the freeze should be extended for one more year; or, 2) should the City initiate an incremental increase (33% of ultimate fee) beginning year two (January 2009), with achievement of ultimate fee in January 2011.

To date, building activity has decreased considerably for residential development, and only slightly for non-residential development. Please refer to Attachment 1 for a four-year summary of development activity.

**Analysis:**

Recently staff met with the original Ad-hoc Committee for development impact fees to wrap-up discussions on the other two topics addressed as part of that committee – affordable housing, and infill development. At this meeting, stakeholders who were involved with these subjects raised the issue regarding the planned impact fee increases for 2009 and what was the City's plan for implementation. The stakeholders raised concerns about the worsened economy from last year and that any new increase on impact fees would further slow down any type of development activity.

In response to the concerns expressed, the Ad-hoc Committee discussed the proposal to recommend to the Council that neither the impact fees for non-residential and residential projects be increased beginning January 2009. The group agreed however, that the impact fees would be adjusted annually for inflation and that the City would still collect the levee fee on all development projects.

Based on the planned implementation schedule (for an incremental increase to residential projects), the impact fees for new single family residential units would increase from the current fee of \$12,401/unit, to \$15,637/unit which is an increase of \$3,236/unit.

**Fiscal Impact:**

Given the recent development activity shown on Attachment 1, a continuation of the "freeze" could result in a potential revenue loss of approximately \$150,000 to the City's impact fee fund.

**Alternatives:**

Not applicable.


**Recommendation:**

Given the fact that the offset in impact fees is not a significant amount, it would be prudent at this time to hold impact fees at their current levels in an effort to stimulate economic activity.

Prepared By:

  
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Aaron M. Busch  
Community Development Director

Submitted By:

  
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Steven R. Jepsen  
City Manager

Reviewed By:

Department Head

Finance

City Attorney

*Other: (Name, Title)*

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Attachments:

1. Development Activity Summary

*City of Yuba City*  
*Community Development Department*

Commercial and Residential  
Building Permits Issued/Valuation  
**2005 – 2008**

Commercial and Residential Building Permits Issued/Valuation <b>2005 – 2008</b>					
		NEW COMMERCIAL		NEW RESIDENTIAL	
YEAR	Permits Issued	Valuation	Permits Issued	Valuation	
2005	56	49,630,809	895	159,125,086	
2006	31	36,142,075	292	47,459,900	
2007	17	9,638,211	182	35,436,276	
2008 Jan-Sept.	14	5,885,994	41	9,411,031	