



# Development Impact Fees



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**December 2, 2019**

# Agenda



- Purpose of Workshop
- “Apples to Apples” Comparison
- Impact Fee History – 2007 to Present
- Infill Area
- Potential Options

# Purpose of Workshop



- Informational workshop – *no action required though direction can be provided to staff*

# What are Impact Fees?



- California State legislation sets certain legal and procedural parameters for the charging of development impact fees
- Legislation passed as AB1600 and now codified as Government Code Sections (GC§) 66000 through 66008 (“Mitigation Fee Act”)
- State law went into effect on January 1, 1989

# What are Impact Fees?



- Impact fee is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project



# “Apples to Apples” Comparison

# “Apples to Apples” Comparison



- January 2019 – Staff and Victor Irzyk with Goodwin Consulting Group conducted a Development Impact Fee Workshop
- Council directed staff to bring back an “apples to apples” comparison of development fees for agencies similar to Yuba City

# “Apples to Apples” Comparison



City	Development Fees*
Chico	\$41,519
Live Oak	\$54,416
<b>Yuba City</b>	<b>\$61,554</b>
North Natomas	\$67,172
Unincorporated Yuba County	\$68,431
Woodland	\$89,058
West Sacramento	\$89,844

\*Development Fees are inclusive of impact fees, building permit fees, school fees, county fees, and other miscellaneous fees required to build a home



# “Apples to Apples” Comparison



- Analysis shows that Yuba City’s overall Development Fees are not significantly out of line with other agencies within the area
- However, the comparison does not consider mitigation fees or improvements that the developers may have needed to construct as a condition of their developments

# “Apples to Apples” Comparison



- This information can be used as a reference, but does not necessarily capture all of the costs associated with the development
- Also, it is one element of the equation that determines a project’s fiscal viability (i.e. fees, land costs, construction costs, etc.)



# Impact Fee History 2007 to Current

# Impact Fee History

## 2007 to Current



- October 16, 2007
  - City Council established and adopted impact fees to recover costs for future construction of public infrastructure and improvements to serve the Sphere of Influence identified in the 2004 General Plan
    - Included incentives for infill projects in the former Redevelopment Area east of SR 99

# Impact Fee Timeline



January 2008

Effective date of new  
impact fees

November 2008

Council performed one  
year review of impact  
fees and directed staff  
to continue with the fee  
implementation  
schedule

June 2009

Interwest Homes requested  
a reduction of impact fees  
back to the 2004 rates for 24  
homes – Council authorized  
the reduction + 24 additional  
units for other residential  
homebuilders

# Impact Fee Timeline



May 2010

Interwest Homes requested a reduction of impact fees back to the 2004 rates for an additional 24 homes – Council authorized the reduction + 24 additional units

December 2012

All of the fee-reduced permits authorized by the City Council had been utilized and the reduced fee program expired

February 2013

Council authorized a temporary citywide fee reduction for new residential units  
(2004 Fee)

# Impact Fee Timeline



December 2013

Council authorized a continued temporary citywide fee reduction for residential homebuilders

(2004 Fee + 1/3 of fee increase)

November 2014

Council authorized a continued temporary citywide fee reduction for residential homebuilders

(2004 Fee + 2/3 of fee increase)

December 2015

End of temporary fee reduction

## Impact Fee Breakdown

Fee	Single Family Residential	Multi-Family Residential	Office	Commercial	Industrial
<b>Parks &amp; Recreation</b>	<b>25.9%</b>	<b>28.1%</b>			
Animal Control	0.4%	0.4%			
Fire Protection	5.7%	6.2%	6.7%	2.4%	8.7%
Library Services	3.8%	4.2%			
Police Protection	5.0%	5.5%	5.9%	2.1%	7.5%
<b>Roads</b>	<b>38.3%</b>	<b>33.4%</b>	<b>69.4%</b>	<b>85.6%</b>	<b>54.6%</b>
Civic Center	2.2%	2.4%		0.9%	
Corp. Yard	3.4%	3.7%		1.4%	
Flood Protection	13.2%	14.2%	18.0%	5.6%	29.2%
Administration	2%	2%		2%	



# Fee Comparison – Single Family Dwelling (per unit)

Fee	2004	2007	2019
Parks & Recreation	\$1,624	\$6,160	\$7,650.03
Animal Control	-	-	\$121.47
Fire Protection	\$452	\$1,361	\$1,690.21
Library Services	\$576	\$912	\$1,132.60
Police Protection	\$358	\$1,196	\$1,485.30
Roads	\$2,162	\$9,094	\$11,293.73
Civic Center	\$486*	\$516	\$640.81
Corp. Yard	-	\$814	\$1,010.90
Flood Protection	-	\$2,874	\$3,887.05
Administration	-	\$459	\$590.04
Total	\$5,658	\$23,386	\$29,502.13

\*Identified as  
Community Center  
Fee in 2004



## Fee Comparison – Office (per sq ft)

Fee	2004	2007	2019
Fire Protection	\$0.14	\$0.27	\$0.33
Police Protection	\$0.11	\$0.24	\$0.29
Roads	\$0.53	\$2.83	\$0.34
Flood Protection	-	\$0.66	\$0.89
Total	\$0.78	\$4.00	\$4.92



## Fee Comparison – Commercial (per sq ft)

Fee	2004	2007	2019
Fire Protection	\$0.20	\$0.22	\$0.26
Police Protection	\$0.16	\$0.19	\$0.23
Roads	\$3.10	\$7.88	\$9.49
City Hall Expansion	-	\$0.08	\$0.10
Corp Yard	-	\$0.13	\$0.16
Flood Protection	-	\$0.46	\$0.62
Administration	-	\$0.25	\$0.22
Total	\$3.46	\$9.21	\$11.09



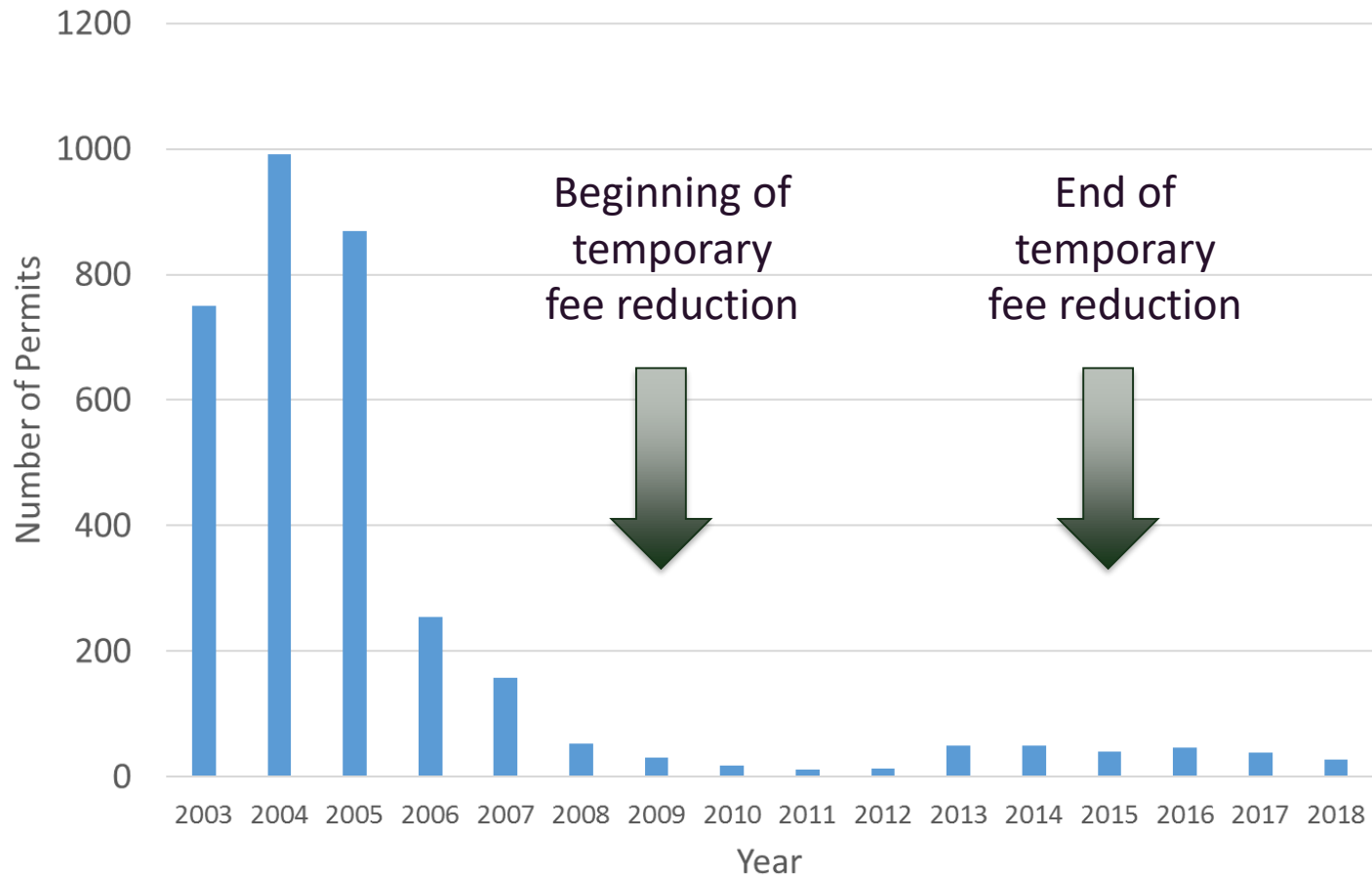
# Fee Comparison – Industrial

(per sq ft)

Fee	2004	2007	2019
Fire Protection	\$0.07	\$0.08	\$0.09
Police Protection	\$0.06	\$0.07	\$0.08
Roads	\$0.25	\$0.48	\$0.58
Flood Protection	-	\$0.23	\$0.31
Total	\$0.38	\$0.86	\$1.06



# Single-Family Dwelling Permits Issued 2010-2018



## Single-Family Dwelling Permit Issuance History

Year	Yuba City	Unincorporated Yuba County	Chico	Woodland	West Sacramento	Live Oak
2010	18	56	60	9	83	58
2011	14	56	95	66	58	0
2012	14	75	123	64	111	0
2013	50	98	228	98	137	0
2014	50	112	202	128	61	1
2015	45	175	257	153	60	2
2016	47	190	282	271	102	2
2017	38	223	275	130	81	2
2018	33	395	340	208	80	52

# Impact Fees

## Residential Development



- Many Tentative Maps are approved but not developed
- Master Plans/Specific Plans approved with no development
- Very few remaining finished lots within the City
  - Residential development nearing a point where it will slow down even more or come to a standstill

# Developer Feedback - Residential Development



- Cost to extend infrastructure to serve new development prohibitive
- There is a demand for new homes in Yuba City, but many buyers cannot afford the cost
- Median income is too low to support the purchase of a new home
- Right-of-way dedication requirements for General Plan roads can reduce the amount of area for buildable lots with no corresponding impact fee credit for the right-of-way dedication



# Developer Feedback - Residential Development



- Yearly building code changes and new building code requirements continue to increase the builder's costs
- Cost of construction in Yuba City is the same throughout the region, but home values are lower
- Cost to underground existing overhead utilities has increased dramatically over the years
  - A subdivision with existing overhead utilities is at a disadvantage to a subdivision that does not have overhead utilities

# Developer Feedback - Residential Development



- When evaluating development costs, all of the contributory factors need to be considered:
  - Land values
  - Construction costs
  - Fees



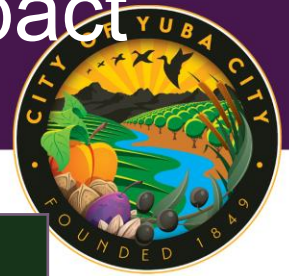
# Infill Areas

# Infill Areas



- Reduced Impact Fees for Infill Areas
  - 50% reduction in fees for:
    - Water/sewer (pipeline portion only)
    - Transportation
    - Parks

# Infill Area Impact Fees vs “Normal” Impact Fees



Land Use	Infill Area Impact Fee	“Normal” Impact Fee
Single Family Residential (per unit)	\$16,989.61	\$29,502.13
Multi-Family Residential (per unit)	\$11,382.14	\$19,586.37
Office (per sf)	\$4.61	\$4.92
Commercial (per sf)	\$5.97	\$11.09
Industrial (per sf)	\$1.06	\$1.06

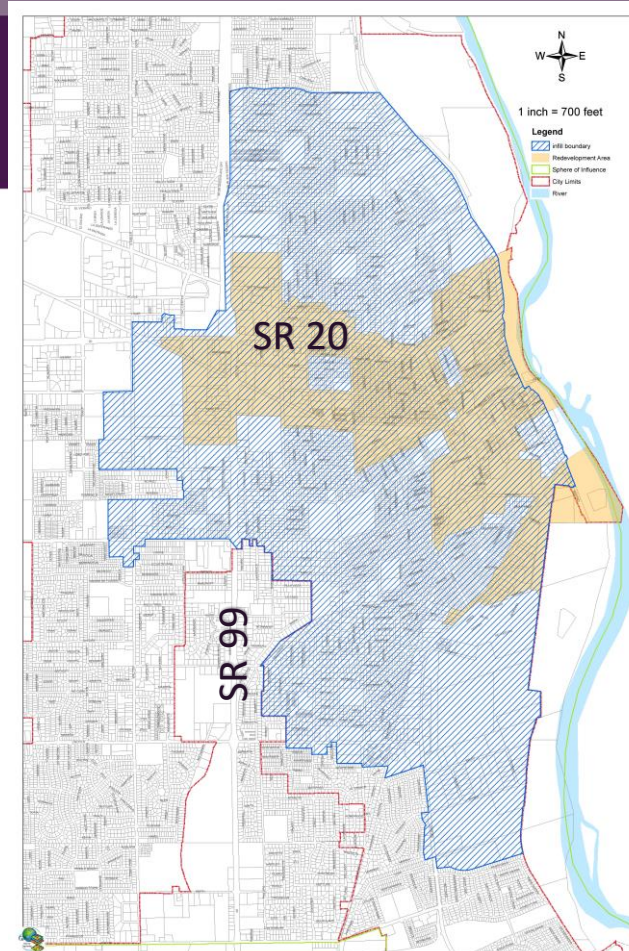
Fees do not include County Impact Fees, Water Connection Fees, or Sewer Connection Fees

# Infill Property Definition



- Land that was bypassed by suburban development and remains vacant or under-utilized *and*
  - The property has readily available access to City utilities
  - 75% of its adjacent properties are developed
  - The property is not within or anticipated to be within a specific plan (except the Central City Specific Plan) or master plan
  - All development and/or reimbursement agreements are properly executed and funded
  - The property is located within the boundaries of the adopted infill map

# Infill Area Map



# Potential Measures to Stimulate Development



- Expand the Infill Area
- Modify the Infill Area requirements
- Provide greater incentives for Infill Area projects
- Reduce Impact Fees
- Contribute funds toward the construction of infrastructure required to serve new development



# Potential Measures to Stimulate Development



- Provide greater incentives for projects located adjacent to existing infrastructure
- Evaluate the City's 12 Growth Policies
- Evaluate the requirement for the undergrounding of existing overhead utilities
- Include right-of-way dedication costs for major arterials/parkways in the Road Impact Fee
- Evaluate options to finance the infrastructure costs

# Non-Residential Development



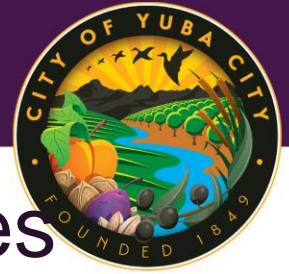
- Greater Sacramento Economic Council report recommendations:
  - Identify development goals among key industry targets
  - Evaluate specific locations having potential to accommodate related growth

# Non-Residential Development



- Greater Sacramento Economic Council report recommendations:
  - Define desired outcomes and use these to measure whether consideration should be given to reduce impact fees
  - As warranted, invest public funds to reduce up front development costs in targeted development areas

# Potential Options



1. Continue with the current impact fees
2. Immediately freeze the current impact fees while further analysis is conducted on the potential for a fee reduction
3. Reduce the current impact fees while further analysis is conducted

# Potential Options



4. Form an ad hoc committee of two Councilmembers and representatives from the builders/developers to identify strategies to increase development
5. Direct staff to meet with builders/developers to identify strategies to increase development

# Potential Options



6. Meet with individual project applicants to prepare Development Agreements specific to their projects and evaluate development on a case-by-case basis
7. Other?

# Potential Options - Summary



1. Continue current impact fees
2. Immediately freeze current impact fees
3. Reduce the current impact fees
4. Form an ad hoc committee
5. Direct staff to meet with builders/developers
6. Evaluate development on a case-by-case basis and prepare Development Agreements
7. Other?

# Recommendation

- Receive and file informational report
- Provide direction to staff as needed

