



# STAFF REPORT

TO: Mayor and Members of the City Council  
FROM: Pak Lin, Administrative Services Director  
VIA: Brian Dossey, City Manager  
MEETING DATE: December 11, 2019  
SUBJECT: FY 2018-19 Development Impact Fee Report (AB 1600)

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## RECOMMENDATION

Staff recommends that the City Council make the following motion:

MOTION ACCEPTING THE DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR ENDING JUNE 30, 2019 AND AUTHORIZING A COPY TO BE POSTED ON THE TOWN'S WEBSITE

## EXECUTIVE SUMMARY

State law requires any local agency that imposes development impact fees to prepare an annual report providing specific information about those fees. Therefore, in accordance with the provision of the California Government Code, Section 66006(b), this Development Impact Fee Report for the Town of Colma is being filed accordingly for the fiscal year ending June 30, 2019.

As of 2018-19, the Town's only development impact fee is the Housing Impact Fee and therefore will comply with AB 1600 requirements, with the acceptance and posting of this report. For purposes of completeness and thoroughness, the report also includes information regarding the Park In-Lieu Fee and the Housing In-Lieu Fee, which are both exempt from the Mitigation Fee Act.

## FISCAL IMPACT

This is for reporting purposes and does not have a fiscal impact. However, noncompliance may result in penalties and returning of funds.

## BACKGROUND

Development impact fees are charged by local governmental agencies in connection with approved development projects. The purpose of these fees is to defray all or a portion of the cost of public facilities related to the development projects, implementing the projects' "fair share" of the cost of the capital improvements project consistent with the general plan. The legal requirement for enactment of a development impact fee program are set forth in Government Code Sections 66000-66025 (the "Mitigation Fee Act"), the bulk of which was adopted in 1987 as AB 1600.

The Mitigation Fee Act regulates how public agencies collect, maintain and spend impact charges and fees imposed on developers for the purpose of defraying costs of public facilities. The Act includes requirements for accounting, expending and reporting charges, fees and related interest earning.

The Town collects the following types of fees in connection with development:

<u>Date of Adoption</u>	<u>Ordinance No.</u>	<u>Fee authorized</u>
March 14, 2006	641	Park Land Dedication (Park In-Lieu)
September 28, 2016	639	Housing In-Lieu Fee Housing Impact Fee

The Housing Impact Fee is the only fee that is subject to annual reporting under the Mitigation Fee Act. The Park In-Lieu fee is classified as a "Quimby Act" fee (Government Code §§ 66477) and is expressly excluded from the Mitigation Fee Act per Section 66000(b). The Town's inclusionary (affordable) housing requirement for for-sale residential development provides developers' a voluntary option to pay the Housing In-Lieu Fee (CMC Section 5.12.040).<sup>1</sup> As such, the Housing In-Lieu Fee is not an exaction and is not subject to the Mitigation Fee Act. (*616 Croft Ave., LLC v. City of West Hollywood*, 3 Cal.App.5th 621, 630 (2016).) Both the Park In-Lieu Fee and the Housing In-Lieu Fee are included in this report for informational purposes only and are not subject to annual reporting requirements under the Mitigation Fee Act.

This Annual Report must also be reviewed by the City Council at a regularly scheduled public meeting. In addition, notice of the time and place of the meeting shall be mailed at least 15 days prior to the meeting to any interested party who files a written request with the local agency. No such requests were made at the time of this report. The attached annual report consists of Attachment A that presents the revenues, expenditures, and fund balances for the Housing Impact Fee.

## **ANALYSIS**

As required by the Mitigation Fee Act, impact fees must be segregated from the General Fund and accounted for in special revenue funds. Government Code Section 66006 requires that the City make available to the public information regarding development impact fees for each fund within 180 days after the end of each fiscal year:

- A brief description of the fee and the fund into which the fee was deposited;
- The amount of the fee;
- The associated fund's beginning and ending balances for the fiscal year;
- The total amount of fees collected, and interest earned;
- Identification of each public improvement on which impact fees were expended and the amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees;

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<sup>1</sup> The City Council amended CMC Chapter 5.12 on November 28, 2018. The changes will take effect in January 2019

- Identification of the approximate date by which construction of a public improvement will commence if the local agency determined that sufficient funds have been collected to complete financing on an incomplete public improvement and the public improvement remains incomplete (Attachment A);
- A description of each interfund transfer or loan made from an account or fund; and
- The amount of refunds made and any allocations pursuant to subdivision (f) of Section 66001.

Further, Government Code Section 66001 also requires that findings describing the continuing need for impact fees be made every five years specifying the intended use of any unexpended impact fees, regardless of whether the fees are committed or uncommitted. Failure to make such findings subjects the City to going through a refunding procedure. However, five years has not elapsed since the Housing Impact Fee was adopted in 2016, so there is no need to make those additional findings at this time.

In 2018-19, the Town collected \$0 of Park In-Lieu Fees, \$62,505 of Housing In-Lieu Fees and \$0 of Housing Impact Fee. For reference, below is the fund information for the Park In-Lieu Fee and the Housing In-Lieu Fee. Information regarding the Housing Impact Fee is included in the FY 2017-18 Development Impact Fee Report (Attachment A).

**PARK LAND DEDICATION (PARK IN-LIEU)**

Balance at 7/1/2018 <sup>2</sup>		\$ 163,664
2018-19 Fee Revenues		<u>0.00</u>
2018-19 Capital Spending/Encumbrance	<u>Project Budget</u>	<u>Actual Spending</u>
Sterling Park Playground Improvement (944)	163,664	<u>163,664</u>
Interfund Transfers		<u>0</u>
Balance at 6/30/2019		<u><u>\$ 0</u></u>

**HOUSING IN-LIEU FEE**

Balance at 7/1/2018 <sup>2</sup>		\$ 197,176
2018-19 Fee Revenues <sup>3</sup>		<u>62,505</u>
2018-19 Capital Spending/Encumbrance	<u>Project Budget</u>	<u>Actual Spending</u>
None	0	<u>0</u>
Interfund Transfers		<u>0</u>

<sup>2</sup> Fees are from the subdivision of land for the new residences on B Street.

<sup>3</sup> Fee was from commercial development on El Camino Real.

Balance at 6/30/2019

\$ 259,681

This report meets the requirements to comply with the Mitigation Fee Act.

### **Reasons for the Recommended Action**

Receipt of this report complies with the Mitigation Act.

### **Council Adopted Values**

By accepting and publishing this report on the Town's website, the Town is showing its commitment to being transparent and accountable in its use of development impact fees. This is in alignment with the *fairness* and *responsibility* attributes of the City Council adopted value-based code of conduct.

### **Alternatives**

1. Make alternations to the report for understandability. Please note, the amounts cannot be altered.
2. Direct Staff to post the report in additional public locations.

### **CONCLUSION**

Staff recommends the City Council receive and file the report.

### **ATTACHMENTS**

- A. FY 2018-19 Development Impact Fee Report



# DEVELOPMENT IMPACT FEE REPORT

## FOR FISCAL YEAR ENDING JUNE 30, 2019

This report provides an overview and summarized information on the Town's Development Impact Fees for Fiscal Year Ending June 30, 2019.

### HOUSING IMPACT FEE

**FEE DESCRIPTION:** The Housing Impact Fee is required for-rent residential development of five or more units and for non-residential/commercial development over 5,000 square feet (CMC Sections 5.12.050 and 5.12.060). In accordance with CMC Section 5.12.010, monies deposited in the Housing Fund along with any interest earnings on such monies shall be used solely to increase and improve the supply of housing affordable to households of moderate-, low- and very low-income households in the Town.

**FEE AMOUNT:** The impact fees can be found in Subchapter 1.10 of the Colma Administrative Code, Master Fee Schedule, and are listed below for each of the different types of development.

Residential Use	Fee per Square Foot of Net New Floor Area
Single Family Detached Home	\$10.00
Townhouses, Duplexes and Triplexes	\$ 15.00
Apartments and Condominiums	\$ 15.00
Non-Residential Use (Only applies to developments over 5,000 sf)	Fee per Square Foot of Net New Floor Area
Hotel	\$5.00
Retail, Restaurants and Services	\$5.00
Office, Medical Office and Research and Development Uses	\$5.00

### FUND BALANCE

Beginning Balance (as of 7/1/2018)		\$	197,176
2018-19 Fee Revenues			62,505
Interest			
2018-19 Capital Spending/Encumbrance	Project Budget		Actual Spending
None	0		0
Interfund Transfers			0
Refunds made from surplus fees and amount of any allocations made			0
Ending Balance (as of 6/30/2019)		\$	259,681

### APPROXIMATE DATE THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE:

No construction commencement date has been identified due to insufficient funds collected.