

PRODUCTION Action #11.1 Reduce Impact Fees													
Key Element of CASA Compact	#11 Lower net cost of new construction												
Summary of Proposed Action	Draft and adopt State law to change the structure of impact fee impositions to make rules more uniform and transparent.												
Desired Effect	<p>Reduce fee cost and confusion that makes housing production more difficult and less feasible across the income spectrum.</p> <p>Increased production at any level requires that fees be established early in the process. Additionally, fees should be capped, as they are becoming prohibitive for deed restricted affordable projects to pay for (requiring public subsidy to pay the fees) and are making it cost-prohibitive for missing middle* and market rate housing to be created at all.</p> <p><i>*Note: “Missing Middle” denotes the range of multi-unit or clustered housing types compatible in scale to single-family homes, but generally lower in density than larger multi-family apartments in the urban core. These can include duplexes, fourplexes, bungalow courts, etc. with density to support transit and access to local amenities.</i></p>												
Detailed Description of Action	<p>Such a law could include the following components:</p> <ol style="list-style-type: none"> a) Lock all rules and fees at development application completeness and adopt all fees and rules up front: This can help prevent inconsistent and confusing case-by-case imposition of changing standards (exactions, community benefits, codes, etc.) throughout the development process. b) Change method of calculating impact fees: A change in fee calculation from the current “nexus” method to a “shared equity method”. The former determines the maximum fee that can be legally levied on new development, whereas the latter takes into account housing need in the area, possibly leading to fee reductions <ul style="list-style-type: none"> • or- Cap all impact fees: Fees could be capped at a reasonable level comparable to other states (\$30k/door all impact areas) c) Change method of imposing fees from per unit to per sqft, thus reducing fees on smaller homes d) No impact fees on small missing middle products or deed restricted affordable units up to 150% AMI whether under density bonus or inclusionary housing rules e) Lower voter threshold for infrastructure/housing bonds so agencies can replace impact fees for capital projects with shared finance 												
Technical Committee Vote	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="background-color: #008000; color: white;">1</th> <th style="background-color: #90EE90;">2</th> <th style="background-color: #FFFF00;">3</th> <th style="background-color: #FFA500;">4</th> <th style="background-color: #FF0000; color: white;">5</th> </tr> </thead> <tbody> <tr> <td># of Votes</td> <td style="text-align: center;">4</td> <td style="text-align: center;">9</td> <td style="text-align: center;">2</td> <td style="text-align: center;">7</td> <td style="text-align: center;">2</td> </tr> </tbody> </table>		1	2	3	4	5	# of Votes	4	9	2	7	2
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Resources Needed													

<p>Scale of Impact <i>(as measured by Plan Bay Area goal alignment)</i></p>	
<p>Vehicle(s) for Implementation</p>	<p>Primary:</p> <ul style="list-style-type: none"> • Regional legislation introduced by a Bay Area legislator.
<p>Key Questions and Points of Concern?</p> <p><i>What are the major sticking points and areas of negotiation?</i></p>	<ol style="list-style-type: none"> 1. Public Agency Funding – Public agencies rely on impact fees to fund essential capital projects and programs. How will these needs be met if impact fees are reduced? One proposal is to lower bond threshold for parks and infrastructure to create more readily available funding sources. Another idea calls for redistributing the local share of property taxes based on achievement of housing production goals. 2. Upfront Community Benefit Programs & Housing Codes – Is it feasible for local agencies to set clear and fixed community benefits programs and housing codes at the plan level, or early in the application process if at the project level?