

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

681



FROM: Transportation and Land Management Agency (TLMA)

SUBMITTAL DATE:
July 21, 2010

SUBJECT: Temporary Reduction of Development Impact Fees (DIF) and an Amendment to Ordinance No. 659, Establishing a Development Impact Fee Program

RECOMMENDED MOTION: That the Board of Supervisors:

1. Introduce and adopt, on successive weeks, Ordinance No. 659.9, an Ordinance of the County of Riverside Amending Ordinance No. 659; and
2. Find the adoption of Ordinance No. 659.9 is exempt from CEQA pursuant to CEQA Guidelines Section 15061 (b)(3) in that it can be seen with certainty there is no possibility the Ordinance may have a significant effect on the environment; and
3. Direct TLMA and the Executive Office, working with the Building Industry Association, to report to the Board in six months on DIF reduction impacts.


George A. Johnson
Director, Transportation and Land Management Agency

(Continued On Attached Page)

FINANCIAL DATA	Current F.Y. Total Cost:	Unknown	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	Unknown	Budget Adjustment:	N/A
	Annual Net County Cost:	\$0	For Fiscal Year:	N/A
SOURCE OF FUNDS:				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE. Our concern is that to date, the temporary DIF reduction has resulted in a revenue loss of \$3,363,912. Funding for development related facilities has already been impacted due, in part, to this temporary reduction. It has resulted in a transfer of responsibility to the general fund. As more development occurs, the burden on general fund reserves will continue for needed capital projects.

County Executive Office Signature

by Tina Grande 

FORM APPROVED COUNTY COUNSEL

BY:  SYNTHIA M. GUNZEL
DATE: 7-21-10

DATE: Departmental Concurrence

Dept't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref. 3.85 - 6/30/2009; 3.80 - 7/14/09; 3.110 - 7/21/2009 | District: All | Agenda Number:

3.85

The Honorable Board of Supervisors

RE: Temporary Reduction of Development Impact Fees (DIF)

July 21, 2010

Page 2 of 2

BACKGROUND: On July 21, 2009, the Board of Supervisors approved a one-year, 50% fee-reduction in Development Impact Fees (DIF), effective August 20, 2009. The goal of the fee reduction was to stimulate the local housing economy. TLMA and the Executive Office have monitored building permit trends and have seen a 21% increase in the number of single family permits issued. This increase may be due to several factors: the 50% fee reduction in the Western Riverside County Transportation Uniform Mitigation Fee (TUMF), the state and federal incentives for homebuyers, the general economic recovery, as well as the temporary DIF fee reduction.

The following summarizes key findings on permits and economic indices:

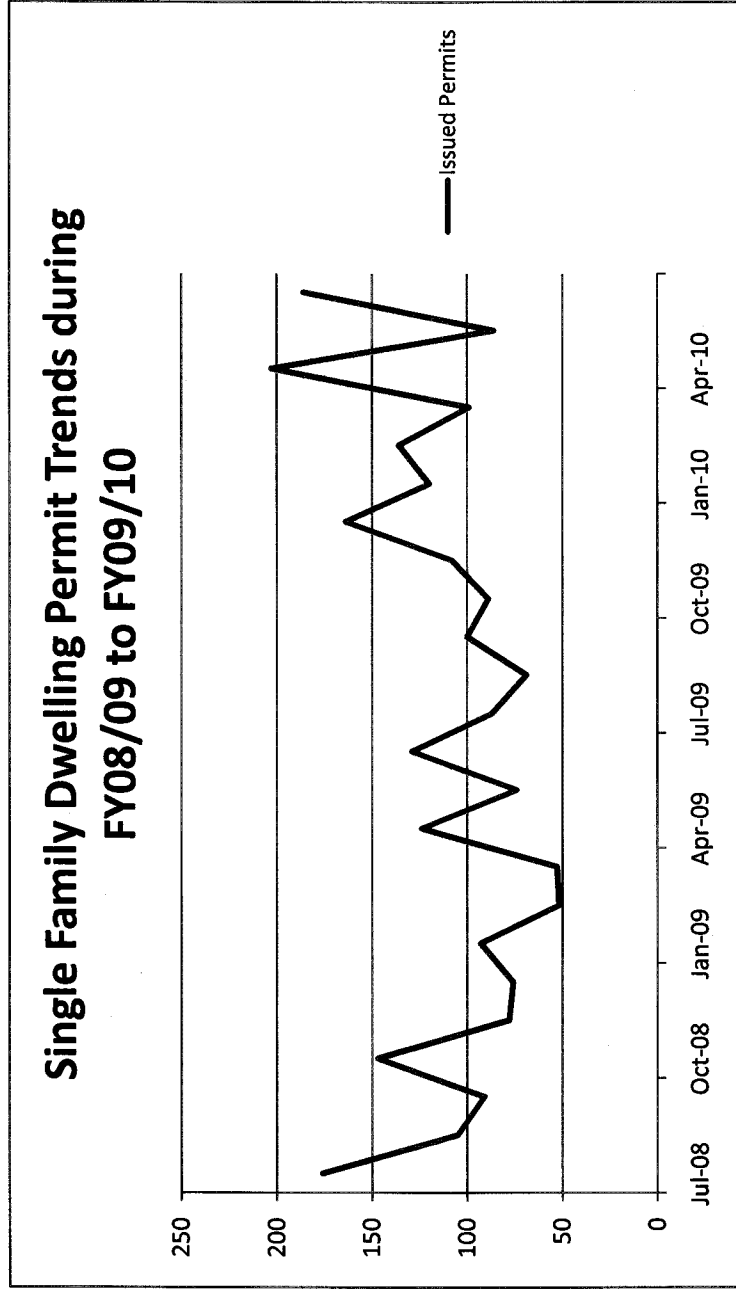
1. Overall, there was a 7% decrease in the number of issued permits, with 1705 permits issued in FY 08-09 and 1589 permits in FY 09-10. Single family issued permits increased by 21% from 1202 permits in FY 08-09 to 1456 permits in FY 09-10. Commercial/industrial permits increased by 26% but multi-family permits decreased by 97% for the same period.
2. Occupancy permits decreased by 33%, with 3241 permits issued in FY 08-09 and 2179 permits issued in FY 09-10. Single family occupancy permits decreased by 35% from 2567 in FY 08-09 to 1655 permits in FY 09-10, while multi-family permits decreased by 21% and commercial/industrial permits decreased by 25% for the same period.
3. The unemployment rate rose from 12.8% in May 2009 to 14% in May 2010.
4. The median home price in May, 2009 was \$180,000 and rose to \$210,000 in May 2010, a 17% increase.
5. The Assessor's Office reported a 19% decrease in foreclosed properties comparing FY 08-09 foreclosures to FY 09-10. Single family residential properties had a 20% decrease in foreclosures with 28,822 foreclosed properties in FY 08-09 and 23,047 foreclosed properties in FY 09-10. Multi-family property foreclosures decreased by 9% and commercial/industrial properties decreased by 30% over the same period.

The temporary DIF reduction has resulted in the loss of \$3,363,912 in DIF program funds to date. The loss of these funds places additional strain on tight County reserves and the general fund to deliver needed public infrastructure, even with the continued decrease of 30% in capital construction costs.

If approved, the Board's action today will continue the 50% reduction in DIF for one year. Prior to the expiration, the Executive Office and TLMA will return with additional information on the impact of this fee reduction. This additional time will allow for a longer period of data collection for an analysis on the impact of the reduction and examination of the loss in revenue using information from the pending 2020 DIF Nexus Study Update.

Single Family Dwelling permit Issuance trends FY 08/09 to FY09/10

SFD	Issued Permits
Jul-08	176
Aug-08	105
Sep-08	91
Oct-08	147
Nov-08	78
Dec-08	76
Jan-09	93
Feb-09	52
Mar-09	53
Apr-09	124
May-09	74
Jun-09	129
Jul-09	87
Aug-09	69
Sep-09	100
Oct-09	89
Nov-09	108
Dec-09	164
Jan-10	120
Feb-10	136
Mar-10	99
Apr-10	203
May-10	86
Jun-10	186



ORDINANCE NO. 659.9

AN ORDINANCE OF THE COUNTY OF RIVERSIDE
AMENDING ORDINANCE NO. 659
ESTABLISHING A DEVELOPMENT IMPACT FEE PROGRAM

The Board of Supervisors of the County of Riverside ordains as follows:

Section 1. Section 15. of Ordinance No. 659 is amended to read as follows:

“Section 15. TEMPORARY REDUCTION OF FEES. Pursuant to the fee adjustment authority set forth in Section 14. of this ordinance and notwithstanding Section 7. or any other provision of this ordinance, the DIF amounts in effect on the effective date of Ordinance No. 659.9 shall be temporarily reduced by fifty percent (50%) for the period commencing on September 9, 2010 and ending on September 9, 2011.

a. Application. The temporary fee reduction described in this section shall not apply to or affect fees owed under any development agreement or other contractual arrangement in effect on or before the effective date of Ordinance No. 659.9. If reduced fees are paid at the time application is made for a building permit and either the application or the building permit issued on the application expires, subsequent building permit applications on the same parcel shall be subject to the full DIF amount, unless the temporary fee reduction is still in effect at the time of the subsequent application.

b. Effect. No provision of this section shall entitle any person who has already paid Development Impact Fees to receive a refund, credit or reimbursement of such payment. This ordinance does not create any new Development Impact Fees or increase the amount of any existing Development Impact Fees. This ordinance only effects a temporary change in the County’s existing Development Impact Fees.

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c. Expiration. As of September 9, 2011, this section is repealed without further action by the Board of Supervisors, unless the Board of Supervisors repeals or modifies this section prior to that date. The repeal of this section shall not affect the validity of actions taken or Development Impact Fees paid under the authority of this section.”

Section 2. This ordinance shall take effect thirty (30) days after its adoption.

BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

By: _____
Chairman

ATTEST:

CLERK OF THE BOARD:

By: _____
Deputy

(SEAL)

FORM APPROVED COUNTY COUNSEL
BY: *William M. Gunzel* 7-21-10
SYNTHIA M. GUNZEL DATE