

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

409



FROM: Transportation and Land Management Agency (TLMA)

SUBMITTAL DATE:
January 20, 2011

SUBJECT: Ordinance 659.9 Development Impact Fees (DIF) Temporary Reduction Impact Report

RECOMMENDED MOTION: That the Board of Supervisors receive and file the DIF Temporary Reduction Impact Report.

BACKGROUND: On July 27, 2010 the Board of Supervisors approved an extension of the temporary reduction of DIF fees required by Ordinance 659.9, by fifty percent (50%) commencing on September 9, 2010 and ending on September 9, 2011. The action extended the 50% DIF reduction for another year in an effort to stimulate local home building activity, create jobs and improve the economy. In addition to the DIF reduction, the Board also took action to reduce the Western County TUMF by 50% for another

Departmental Concurrence

George A. Johnson
Director, Transportation and Land Management Agency

GAJ:LW:pg

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	0
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	0
	Annual Net County Cost:	\$ 0	For Fiscal Year:	0

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

BY: Jennifer L. Sargent

County Executive Office Signature

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

Prev. Agn. Ref. 3.85 - 6/30/09;
3.80 - 7/14/09; 3.110 - 7/21/09;
3.85 - 7.27/10

District: All Agenda Number:

3.28

The Honorable Board of Supervisors

RE: Ordinance 659.9 Development Impact Fees (DIF) Temporary Reduction Impact Report

January 20, 2011

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year. Desiring to quantify effects of the fee reduction on home building activity, the Board directed TLMA and the Executive Office to provide periodic reports monitoring permit activity along with other economic indices.

TLMA has monitored building permit trends and has seen a 22% decrease in the number of single family housing permits issued in the first six months of FY10-11, as compared to the same time period in FY 09-10. This decrease may be due to several factors including, but not limited to, the following: the expiration of the state and federal incentives for homebuyers, the current number of foreclosures in the market, the County's high unemployment rate and the extended economic recovery. More troubling is the fact that single family permit issuances declined sharply in October, November and December, as shown on the attached Permit Trend Graph.

The temporary DIF reduction represents a loss of \$1,716,834, as reflected on Attachment "A", combined with the loss of \$3,363,912 in DIF program funds from the prior year, brings the total impact to the County's DIF program to \$5,080,746 in lost revenue.

The following summarizes key findings on permits and economic indices:

1. Overall there was a 15% decrease in the total number of all classes of building permits issued in the first half of FY 10-11, with 625 permits issued. In FY 09-10, a total of 1589 permits were issued and in FY08-09, a total of 1705 permits were issued. 568 single family housing permits were issued in the first half of FY10-11. If this trend continues, the result will be a decrease of 22% from the 1456 permits issued in FY09-10. (Reference Attachment "B")
2. Occupancy permits have remained constant, with 859 issued in the first half of FY 10-11. Due to the decline in single family building permits issued, we foresee a decline in occupancy permits for the remainder of FY10-11.
3. The unemployment rate in November 2010 remains the same as November 2009, at 14%.
4. The median home price from December 2009 in Riverside County (\$195,000) and December of 2010 (\$196,000) remained consistent.
5. The incorporation of the City of Eastvale is a factor in declining permit issuance and occupancy.
6. The pending incorporation of the City of Jurupa will further impact permit activity in the unincorporated area.

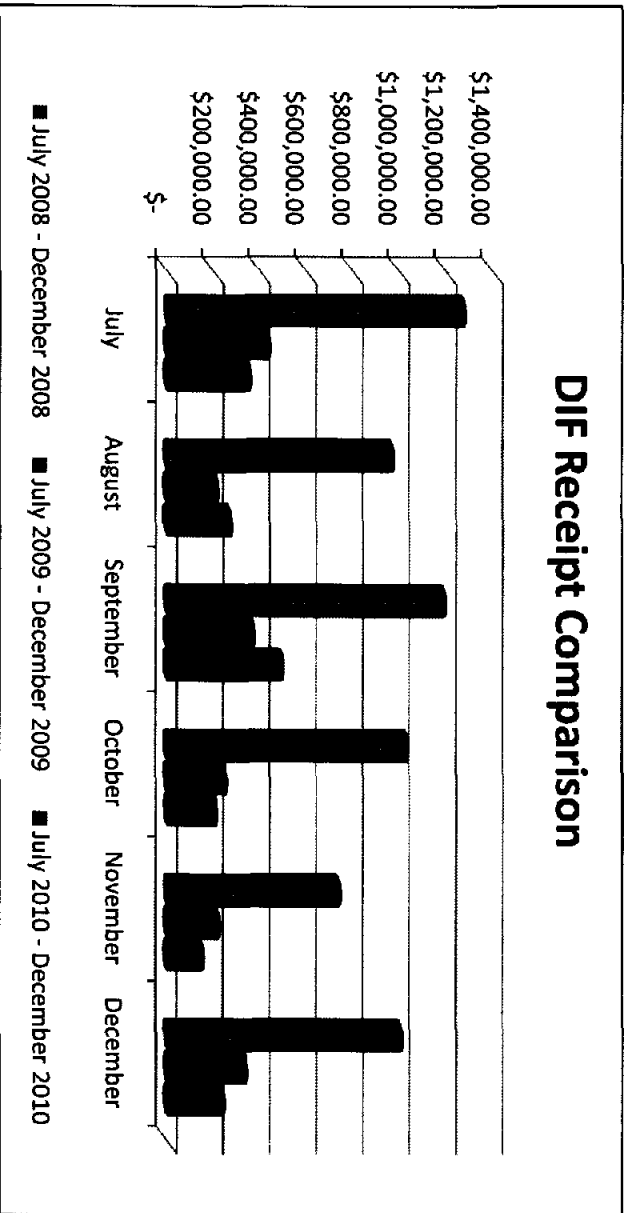
Attachment "A"

DIF Temporary Fee Reduction (Effective August 20, 2009)

Receipts

	July	August	September	October	November	December	TOTAL
July 2010 - December 2010	\$ 353,175.70	\$ 271,986.11	\$ 493,385.50	\$ 207,841.20	\$ 150,851.70	\$ 239,603.44	\$ 1,716,843.65
July 2009 - December 2009	\$ 434,210.68	\$ 214,217.81	\$ 366,844.80	\$ 250,446.47	\$ 218,975.75	\$ 335,870.14	\$ 1,820,565.65
July 2008 - December 2008	\$ 1,273,550.30	\$ 969,472.85	\$ 1,190,053.37	\$ 1,030,066.25	\$ 737,607.29	\$ 1,005,098.11	\$ 6,205,848.17

DIF Receipt Comparison



SFD Issued Permits

Mon	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
Jul-10	126
Aug-10	167
Sep-10	89
Oct-10	44
Nov-10	47
Dec-10	38

