

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



FROM: Supervisor John Tavaglione, 2nd District

SUBMITTAL DATE: September 10, 2013

SUBJECT: Initiation of an Ordinance Amendment for the Development Impact Fee Program

RECOMMENDED MOTION: That the Board of Supervisors;

1. Adopt an order initiating an Amendment to Ordinance 659, the Development Impact Fee (DIF) Program, temporarily restoring the 50% fee reduction, effective retroactively to July 1, 2013; and
2. Direct the Transportation and Land Management Agency and County Counsel to work together to bring an urgency Ordinance Amendment back to the Board at the earliest opportunity, process a refund to those that have paid the full fee since July 1, 2013, and;
3. Request that the Executive Office bring the DIF update back to the Board for consideration no later than January 2014, and include options to phase in any fee increases for commercial and industrial projects.

BACKGROUND: The County had previously adopted a 50% reduction in our Development Impact Fee (DIF) Program during the height of recession, as a tool to help stimulate our local economic recovery. These fees are collected on all new development and business expansions to pay for long-term infrastructure improvements, not just the major residential tracts and large-scale commercial and industrial projects.

The 50% reduction expired on June 30, 2013. It was anticipated that the Board would consider a revised update to the DIF and its Nexus Study by that time, which is still in the final-stages of completion, and is expected to return to the Board before the end of the year.

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Supervisor John Tavaglione, Supervisor
2nd District

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Although we are seeing some signs of an economic recovery in our local housing and business climate, the recovery is still slow and uncertain. Having the fee double from the 50% reduction to the full fee for projects in progress, particularly small businesses wanting to expand, homeowners looking to build individual lots, and other smaller building enterprises creates significant financial challenges. The prospect of having the fee increase to the full amount, and then be replaced with a new fee structure at the time that the Board considers a DIF update in the next few months, also adds uncertainty for those looking to improve their properties and bring significant jobs and needed revenue to the County.

I am therefore requesting that the Board take the following actions:

- Direct staff to come back to the Board at the earliest opportunity to amend Ordinance 659 (the DIF ordinance) to reinstitute the 50% reduction until such time as the new DIF ordinance is adopted. Request that staff bring the new DIF ordinance back for consideration to the Board no later than January 2014.
- Bring back the necessary Amendments to Ordinance 659 as an urgency matter, to reduce the period of time and uncertainty for those wanting to improve their properties, allowing them to make informed business decisions going forward based on the reduced fee amount.
- At such time as the temporary reductions ordinance becomes effective, direct staff to process a refund to those that have paid the full DIF fee since July 1, 2013, in the spirit of fairness and to create a level playing field. TLMA staff estimates that the refund amount as of now would be less than \$12,000.
- Direct staff to do a direct notice on all active building permits 60 days prior to the effective date of a future DIF fee change, to allow our businesses and property owners to make prudent, informed economic decisions on the timing of their development.