

679

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



FROM: Transportation and Land Management Agency (TLMA)

SUBMITTAL DATE:
July 28, 2011

SUBJECT: Ordinance No. 659.10 Amending Ordinance No. 659, Establishing a Development Impact Fee Program to extend the Temporary Reduction of Development Impact Fees (DIF)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Introduce and adopt, on successive weeks, Ordinance No. 659.10, an Ordinance of the County of Riverside Amending Ordinance No. 659; and
2. Find the adoption of Ordinance No. 659.10 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 the Clerk of the Board to file a Notice of Exemption with the County Clerk for posting.

(Continued on attached page)

George A. Johnson

 George A. Johnson
 Director, Transportation and Land Management Agency

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	11/12

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: *Tina Grande*
 Tina Grande
 County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: *Synthia M. Gunzel 8-10-11*
 SYNTHIA M. GUNZEL
 DATE
 Departmental Concurrence

Policy
 Policy
 Consent
 Consent

Department Recommendation.:
 Per Executive Office:

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
 Nays: None
 Absent: None
 Date: August 16, 2011
 xc: TLMA, Recorder, COB

Kecia Harper-Ihem
 Clerk of the Board
 By: *Kecia Harper-Ihem*
 Deputy

Prev. Agn. Ref.: 3.85-6/30/09; 3.80-7/14/09; 3.11 - 7/21/09; 3.85 -7/27/10; 3.64 - 8/10/10; 3.84 - 7/26/11	District: All	Agenda Number:
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3.84

The Honorable Board of Supervisors

RE: Ordinance No. 659.10 Amending Ordinance No. 659, Establishing a Development Impact Fee Program to extend the Temporary Reduction of Development Impact Fees (DIF)

DATE: July 28, 2011

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BACKGROUND:

The Building Industry Association (BIA) has requested an amendment that would extend the fifty percent (50%) reduction for an additional one year period to support home building efforts and preserve jobs. (Attachment A).

In response to Board direction to reduce the County's Development Impact Fees, staff originally recommended a 30% decrease in the DIF based on the decline in construction costs. Ultimately, the DIF was reduced by 50% in August 2009. Board action also included Resolution No. 2009-236. The goal of both fee reductions was to stimulate the local housing economy by improving housing affordability, encouraging commercial and industrial development, creating jobs, and increasing retail sales and property tax revenues (Item 3.85 7/30/09).

A definitive analysis of the impact of the DIF reduction is difficult due to the multitude of events all interacting on the local market at the same time. What is known is that prior to the adoption of the DIF the County was already seeing a sharp reduction in building permit activity as a result of declining economic conditions. The incorporations of Wildomar and Menifee further impacted the permit levels. In the first year following the DIF reduction, the number of single family building permits did increase 21% from 1202 to 1456, with month to month improvement over the prior year. In addition to the DIF reduction, other factors including the reduction in TUMF, and tax incentive packages offered by State and Federal governments to home buyers likely contributed to the increase. Attachment B shows building permit activity levels from July 2008 through June 2011. The graph shows that starting in August of 2010, single family permits and overall building permits began to decline again. The first extension in September 2010, did not yield an immediate increase in building permits levels; however the incorporation of the City of Eastvale in October and the full expiration of Federal and State tax credit incentives had a negative impact on permit activity levels. The Jurupa Valley incorporation effective July 1, 2011 will have a negative impact going forward.

To date, the temporary DIF reduction has resulted in a revenue loss of \$3,246,156 in FY10 and \$2,878,837 in FY11: totaling to \$6,124,993 (Attachment C). Based on the facts discussed above, extending the DIF reduction an additional year is estimated to cost \$1,591,590 for FY12.

The BIA believes that the continued reduction of DIF will preserve jobs. Consistent with prior Board actions to stimulate the local economy, retain jobs, and stabilize home building activity, it is recommended that the Board approve the motions put forth herein.

The adoption of Ordinance No. 659.10 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. There is no specific development project connected with this ordinance amendment and it does not commit the County to any development. Accordingly, the County's approval of the amendment does not create a reasonably foreseeable physical change.

The ordinance has been approved as to form by County Counsel.