

Council/Agency Meeting Held: _____	_____ City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: 2/2/2009	Department ID Number: PL09-01

**CITY OF HUNTINGTON BEACH
REQUEST FOR CITY COUNCIL ACTION**

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: FRED WILSON, CITY ADMINISTRATOR 

BOB HALL, DEPUTY CITY ADMINISTRATOR 

PREPARED BY: ROSS CRANMER, DIRECTOR OF BUILDING & SAFETY 

JIM ENGLE, DIRECTOR OF COMMUNITY SERVICES 

SCOTT HESS, DIRECTOR OF PLANNING 

TRAVIS HOPKINS, DIRECTOR OF PUBLIC WORKS 

SUBJECT: ADOPTION OF AN ORDINANCE DEFERRING CERTAIN DEVELOPMENT IMPACT FEES

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue:

Should the City temporarily defer the collection of payment of certain Development Impact Fees on residential developments of 25 units or fewer in order to help stimulate the local building economy?

Funding Source:

Not applicable. However, there would be some short term revenue lost due to loss of interest from the deferral of these fees.

Recommended Action: Motion to:

Motion to adopt ordinance 3824, "an ordinance of the City of Huntington Beach temporarily superseding certain city municipal and zoning code provisions relating to the required time of payment of specific development impact fees."

Alternative Action(s):

1. Motion to deny ordinance 3824, "an ordinance of the City of Huntington Beach temporarily superseding certain city municipal and zoning code provisions relating to the required time of payment of specific development impact fees, deferring collection of certain development impact fees."

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2. Continue ordinance 3824 , “an ordinance of the City of Huntington Beach temporarily superseding certain city municipal and zoning code provisions relating to the required time of payment of specific development impact fees, deferring collection of certain development impact fees,” and direct staff accordingly.

Analysis:

Residential development throughout the nation is experiencing a slowdown. The Building Industry Association of Orange County (BIAOC) is requesting that Orange County cities adopt an “Economic Stimulus” whereby Development Impact Fees would be collected prior to the final inspection rather than at a point prior to construction. BIAOC contends that homebuilders would realize significant benefits if fees are deferred until units are ready for occupancy. It is their assertion that deferring fees would free capital for construction start-up during the current economic downturn. Thus, developers would be able to pay the requisite fees at the end of a project’s construction cycle due to cash flow considerations and a potentially stronger economy. Local jurisdictions that have adopted similar fee deferral programs include the City of Irvine, the City of Orange and the County of Orange.

Development Impact Fees (DIF) are assessed on new projects to fairly mitigate the impacts to city infrastructure and services created by the construction of new commercial, industrial and residential projects by providing funding for both new infrastructure and improvements to existing infrastructure. The City assesses the following impact fees:

- Library Development
- Library Enrichment
- Traffic Impact
- Sewer Connection
- Drainage Fee
- Water Capital
- Affordable Housing In-lieu fee
- Park and Recreation

These fees are established and collected pursuant to the Huntington Beach Municipal Code and Zoning and Subdivision Ordinance.

Staff is bringing forth for Council consideration deferral of DIF for residential projects of fewer than 25 units. The fees that would be covered by this ordinance are:

- Parks and Recreation
- Library Enrichment
- Drainage Fee
- Affordable Housing in-lieu fee
- Sewer (exclusive of the Orange County Sanitation District fee)

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Traffic Impact Fees and Library Development Fees are payable prior to the final inspection, and thus, a deferral would be unnecessary. Fees would not be collected until the final inspection of residential units. The ordinance would go into effect 30 days after passage by the City Council and would be in effect for one year unless extended. The net impact of this ordinance is difficult to estimate. The deferral of the collection of these fees would result in a short term loss of interest as well as affect cash flow; however, all deferred fees will ultimately be received. Conversely, additional revenue could be received from development impact fees and property taxes paid for new homes that would otherwise not have started without the deferral of the development impact fee.

Additionally, one program in the City's adopted Housing Element would allow developments with projects containing a minimum of 49 percent affordable housing units to defer payment of development impact fees until prior to the final inspection. Although this ordinance encompasses all residential projects, not just affordable projects, implementation of the ordinance would allow the City to take credit for meeting its housing goals.

Park and Recreation fees for projects that require a Tentative Tract Map are calculated based on appraised land value. If collection of this fee is deferred, it is recommended that the land value be appraised at the time that the fee is collected.

Strategic Plan Goal:

- F-2 Fully understand the financial implications of financial decisions before they are made, and recognize and disclose fiscal impacts of the pension crisis. Adoption of this ordinance could result in a short term reduction in cash flow, but ultimately, it is the intent of this measure to increase revenues from development impact fees and property taxes paid for new homes that would otherwise not have started without the deferral of the development impact fee.

Environmental Status:

Projects over which public agencies exercise ministerial authority, such as this agreement contracting for preparation of environmental documentation, are categorically exempt from the California Environmental Quality Act pursuant to Section 15300.1.

Attachment(s):

City Clerk's Page Number	No.	Description
5	1.	Ordinance No. 3824
11	2.	Letter From Building Industry Association of Southern California

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ATTACHMENT #1

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AN ORDINANCE OF THE CITY OF HUNTINGTON BEACH
TEMPORARILY SUPERSEDING CERTAIN CITY MUNICIPAL AND
ZONING CODE PROVISIONS RELATING TO THE REQUIRED TIME
OF PAYMENT OF SPECIFIC DEVELOPMENT IMPACT FEES

WHEREAS, the City Council of the City of Huntington Beach has adopted certain fees and charges relating to mitigation of the impact of new residential development upon City infrastructure, such as roadways and parks, and to provide for affordable housing by the adoption of those certain ordinances hereinafter specified and enumerated in Section 2 of this ordinance (hereinafter collectively the "Development Impact Fees"); and

Pursuant to the provisions of the Huntington Beach Municipal Code and the Huntington Beach Zoning and Subdivision Ordinance, said Development Impact Fees are currently required to be paid by the developers of new residential units at the time of issuance of building permits for construction of such residential units; and

Due to recent changes in economic conditions relating to the housing market throughout the nation, including, in the City of Huntington Beach, construction of many residential projects heretofore approved, or in the process of being approved, by the City of Huntington Beach have been deferred by the owners and developers of such projects due to such economic conditions; and

The City of Huntington Beach relies on new residential development in the City to stimulate the local economy and provide direct and indirect benefits to the City and its residents and businesses by creating construction jobs, new market-rate and affordable housing units and new tax bases and revenues to the community; and

It is therefore in the public interest and to the public benefit for the City Council to stimulate and encourage new residential development in the City of Huntington Beach by the adoption of an ordinance that temporarily defers the payment of certain Development Impact Fees,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. The City Council does hereby adopt the measures hereinafter set forth in this ordinance which shall be known and referred to as the Development Impact Fee Deferral Program for New Residential Development.

Section 2. Notwithstanding any provision of any other ordinance or resolution heretofore adopted to the contrary, the payment of the following specific development impact fees for construction (excluding remodels) of new residential development projects of twenty-five (25) or fewer units ("Qualified Projects") in the City of Huntington Beach shall be deferred until, and collection thereof by the responsible City agency, department, official or

employee shall be made prior to final inspection for such residential units by the City of Huntington Beach:

1. Park and recreation fee required pursuant to HBZSO Section 254.08.(1).
2. Library Development Fee required pursuant to HBMC Section 17.66.050.
3. Traffic Impact Fee required pursuant to HBMC Section 17.65.070.
4. Sewer Impact Fee required pursuant to HBMC Section 14.36.090.
5. Affordable housing in-lieu fee required pursuant to HBZSO 230.26.C.3.
6. Drainage Fee required pursuant to HBMC Section 14.48.050.
7. Library Enhancement Fee required pursuant to HBMC Chapter 3.40.
8. Park Acquisition and Development Fee required by Ordinance 3596 and Resolution 2002-129.

Section 3. Final inspection by the City of Huntington Beach of Qualified Projects shall not occur until payment of such development impact fees are made to the City of Huntington Beach in full. The amount of the development impact fees due and payable shall be based upon the fee schedules and amounts in effect at the time said development impact fees would have been due and payable in the absence of this Ordinance.

Section 4. Payment of such development impact fees shall be deemed a debt due and owing to the City of Huntington Beach at such time which debt shall only be deemed satisfied and discharged upon payment in full to the City of Huntington Beach.

Section 5. The provisions of this Ordinance for deferral of payment of development impact fees shall expire one year from the date of the adoption of this Ordinance unless the City Council shall have first acted to extend or otherwise alter the provisions of this Ordinance prior to that time.

Section 6. Nothing contained in this Ordinance shall be deemed to authorize or permit the deferral of payment of any fee or charge imposed upon residential development within the City of Huntington Beach except for those development impact fees expressly enumerated in Section 2 hereof.

Section 7. Nothing contained in this Ordinance shall be deemed to create any new fee charge, or increase any existing fee or charge, to which the procedures specified in Section 66017 of the Government Code of the State of California would be applicable.

Section 8. This ordinance shall become effective thirty (30) days after its adoption.

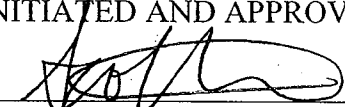
PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the _____ day of _____, 200__.

Mayor

ATTEST:

INITIATED AND APPROVED:

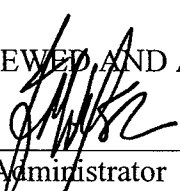
City Clerk



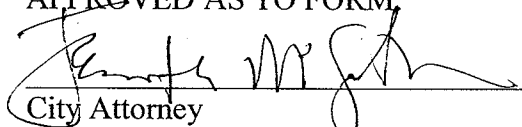
Director of Planning

REVIEWED AND APPROVED:

APPROVED AS TO FORM:



City Administrator



City Attorney

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11/26/09*

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ATTACHMENT #2

**Building Industry Association of Orange County
Economic Stimulus Proposal
City of Huntington Beach, California**



**Orange County
Chapter**

The BIA/OC requests consideration for the following:

Fees

- Collection of all non-public safety related Development Impact Fees (DIF) to the issuance of Certificate of Occupancy, Fees include:
 - Parks (including in-lieu park facility fees) & Recreation Fee
 - Library Impact Fee
 - Sewer Fee
 - Drainage Fee
 - Traffic & Roads Impact Fee
 - Affordable Housing In Lieu Fee
- Refund of DIFs paid in the last year on projects currently under construction. Refunds would be transferred into an escrow account for the purpose of funding improvements and infrastructure.
- Impose a moratorium on increase of all fees including building/planning and development related public works fees.

Alternative Building Materials

- City-wide approval of the use of PEX tubing as an alternative to copper piping.

Building Industry Association
of Southern California

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Irvine, California 92614
949.553.9500
fax 949.553.9507
www.biaoc.com
www.modthometour.org
Your industry's comprehensive
online guide to new homes

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JACKSON, DEMARCO, TIDUS,
PETERSEN & PECKENPAUGH

KRISTINE THALMAN
CHIEF EXECUTIVE OFFICER