

Policy Brief | SAFCA Development Impact Fee (DIF)

Summary: The Sacramento Area Flood Control Agency (SAFCA) approved a Development Impact Fee (DIF) on all new development within the 200-year flood plain to offset potential increases in expected annual damage as a result of a flood. The fee anticipates additional risk with new development, and offsets that risk with enhanced flood protection.

Issues: SAFCA has the authority to impose the fee (Sacramento Area Flood Control Act of 1990) but the collecting agencies must approve collection. (Collecting agencies include, City of Sacramento, County of Sacramento and County of Sutter).

According to SAFCA's projections (obtained from Sacramento Area Council of Governments growth projections over the next 11 years) the fee would raise \$148 million. Approximately 75 percent of the fee will come from new Natomas development. **1.2 percent, or \$1.5 million in fees will originate from the Central Business District.**

The fee represents the local share of flood protection funding. Local share is 10 percent, and the federal government has committed up to 65 percent and the state will cover 25 percent. **Under this formula, fee payers are receiving 90 cents of protection when they are contributing 10 cents.**

Status: Approved on May 15, 2008 by SAFCA Board and then submitted for approval by collecting agencies. Fee will not be collected until January 1, 2009.

Position: DSP has been able to obtain significant concessions for downtown and Redevelopment Project Areas; including a complete exemption for Old Sacramento and a credit for the footprint of parcels within a Redevelopment Project Area that had structures on them dating back to 1998. (21 years considering the 11-year timeline of phase I)

Additionally, mixed-use development within a Redevelopment Project Area that received a public subsidy, with ground floor commercial and residential uses on additional floors will be considered a multi-family two-story residential and will be charged at the multifamily two-story residential rate (This equals a \$0.57 per square foot savings from the commercial rate).