

Policy Brief | Development Impact Fee Deferral Program

Summary: The City of Sacramento seeks to implement a Development Impact Fee Deferral Program as part of a comprehensive Economic Incentive Package.

Issues: The Impact Fee deferral Program will allow developers to defer city-controlled impact fees until close of escrow or a certificate of occupancy is issued. Development Impact Fees can be a major obstacle to moving projects forward. Especially in light of the current economic environment, a fee deferral program can act as a catalyst to projects that might otherwise stall due to financing struggles.

In order to qualify for deferral, developers must provide evidence they have site control, have obtained all necessary entitlements, are up to date on assessments and taxes, and provide documentation of their ability to pay deferred fees either through, savings, letters of credit, surety bonds or other means as approved by the City Treasurer.

The Fee program includes deferral of city-controlled impact fees only. Fees that impact the General Fund are not eligible for deferral.

This fee deferral program mirrors several fee deferral programs in the region. The City Treasurer's Office conducted a survey of 17 cities to determine whether or not they had fee deferral programs. Of those jurisdictions, 70 percent had, or were developing some form of deferral program.

In order to participate in the program, developers must file with the Development Services Department and final approval on length and type of deferral will come from the City Manager's Office. The Fee Deferral Program will expire on December 31, 2009 with no additional fee deferrals approved after that date.

Status: Law and Legislation Committee on October 14. Full City Council hearing and vote on October 21.

Position: DSP has submitted a Support position to the Law and Legislation Committee and the Mayor and Council.

The DSP may consider advocating extending the deferral program indefinitely to benefit qualified infill projects in the downtown core.

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