



SUMMARY REPORT

Agenda Date: 6/10/2024

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office, Sonoma Public Infrastructure, Regional Parks
Staff Name and Phone Number: Jennifer Solito, 565-4592; Johannes Hovertsz, 565-3585; Bert Whitaker, 565-2041

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

AB 602 Development Impact Fee Nexus Study

Recommended Action:

Provide direction to staff to implement AB 602 related to development impact fees.

Executive Summary:

State Assembly Bill 602 (AB 602) was enacted in 2021 and requires that development mitigation fees be calculated, and proportional, to the square footage of the development projects. The County has two fees which would be subject to AB 602 - Parks and Traffic mitigation fees. This item requests Board direction towards implementing AB 602.

Discussion:

State Assembly Bill 602 (AB 602) was enacted on September 28, 2021, and addresses development fees imposed on new housing developments. Development fees, also known as impact fees, are charges levied on new developments to fund the infrastructure and services needed to support, and address the impacts of, new development and growth. This can include funding for roads, school, parks, public safety, and other government-provided services.

AB 602 included two phases of requirements. The first requires that, beginning January 1, 2022, public agencies make the written fee schedule publicly available. The County's can be found here:

<https://permitsonoma.org/permitservices/permitguidelinesanddocuments/feeschedules>

and

<https://permitsonoma.org/Microsites/Permit%20Sonoma/Documents/Department%20Information/Fees/Estimated-Fees-20230101.pdf>

The second, requires that any nexus study, which is required whenever a fee is established or amended, conducted after July 1, 2022, calculate fees based on square footage and that fees be proportional to the square footage of the development projects. Any fee nexus study done after July 1, 2022 must comply with AB 602. Further, the legislation requires that nexus studies be updated at least every eight years, beginning January 1, 2022.

If a public agency does not use a square foot approach to calculating fees, they must do all of the following: 1) make findings to explain why square footage is not an appropriate metric; 2) provide an alternative basis for calculating the fees which clearly outlines the relationship between the fee amount and the impact of the

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development; and 3) ensures that smaller developments are not charged disproportionate fees. The County of Sonoma levies two types of fees which are subject to AB 602 - traffic and parks development mitigation fees. The most recent nexus study which evaluated these fees was done in 2020, and can be found here:

<https://parks.sonomacounty.ca.gov/Microsites/Regional%20Parks/Documents/Learn/Funding/AB1600%202020%20Nexus%20Study.pdf>. This 2020 study did not include an analysis and calculation of fees related to square footage or development size, and does not meet the requirements of AB 602.

Currently, with the exception of Accessory Dwelling Units (ADUs), these fees are each a flat rate and charged on each unit of a project or development. For reference, staff reviewed the last three multi-family development projects. The parks and traffic mitigation fees made up between 6 and 17% of the total project valuation. Related to ADUs, there are three tiers of fees based on the size of the ADU. These fees are not charged on fire rebuild projects.

Although AB 602 would not require an updated nexus study until the end of 2029, general industry best practice is to review nexus studies every three to five years or when significant changes in operations or impact needs arise. Given that the last County nexus study was done in 2020, and given interests to review the requirements and implementation of AB 602, it is recommended that the Board direct staff to update the nexus studies, including complying with and implementing AB 602. Should this be directed, staff will initiate a Request for Proposals to solicit a qualified consultant to conduct the required nexus study. It is estimated that following selection of a consultant, the study will be completed within six to twelve months.

Information regarding the amount of fees collected, how they have been used, and how they are budgeted for future projects, is reported annually to the Board of Supervisors. The most recent report was adopted by the Board on December 5, 2023 and can be found here:

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6434344&GUID=1BA91ECA-ED47-4C33-8568-98EDBF7C1FD5>

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

12/5/2023 - AB 1600 Development Fees Annual Report for FY 2022-23

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

There are no fiscal impacts as a result of this specific action. It is estimated that an updated nexus study could cost up to \$200,000. Should the Board direct, staff will initiate a Request for Proposals and return to the Board for contract approval and to request General Fund Contingencies to fund this effort.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

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Sonoma County Regional Parks Fee and Transportation Mitigation Fee Update - 2020 Study.

Related Items “On File” with the Clerk of the Board:

None.