



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 3/11/2025

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Jennifer Larocque and Christel Querijero; (707) 565-2431

Vote Requirement: 4/5th

Supervisorial District(s): Countywide

Title:

Establish a Two-Year Development Impact Fee Elimination Program for Affordable Housing

Recommended Action:

- A) Adopt a Resolution to reduce impact fees for affordable housing.
 - B) Adopt a Resolution authorizing the use of \$1,500,000 in General Fund contingencies and adjusting the Fiscal Year 2024-2025 budget to increase appropriations in the Non-Departmental Budget by \$1,500,000 to backfill impact fees, as needed after County Administrator staff review and assessment.
- (4/5 Vote Required)

Executive Summary:

Development impact fees, or mitigation fees, are charged on new developments to fund infrastructure and services such as traffic, parks, and fire safety. On January 14, 2025, the Board directed staff to return with a resolution to eliminate park and traffic impact fees for very low, low, and moderate-income affordable housing units, and to request contingency funding to backfill up to \$1.5 million in lost fee revenue.

This item includes the resolution to eliminate park and traffic impact fees for very low, low, and moderate-income affordable housing. Additionally, this item requests contingency funding to backfill up to \$1.5 million in unrealized future revenue, as needed after County Administrator staff review and assessment.

Discussion:

On June 10, 2024 <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6720200&GUID=98BD080D-F6CF-43F5-9FD1-EEDFA15CF932&Options=&Search=>>>, the Board requested staff develop options to reduce impact fees to lessen barriers to building affordable housing. On November 5, 2024 <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6993609&GUID=FD3F1152-A79F-4F72-B6DE-8CA5D98AC11B&Options=&Search=>>>, the Board directed staff to pursue an updated nexus study for traffic and park impact fees based on square footage, consistent with Assembly Bill 602. Staff anticipate releasing a Request for Proposals for a consultant to develop the nexus study in March. Staff will return to the Board to request approval of the contract and contingency funding for the nexus study, which has an estimated completion of 12-18 months and an estimated cost of \$200,000.

On January 14, 2025 <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7084319&GUID=9236EB07-5BFC-4345-9347-40100F53C943&Options=&Search=>>>, the Board directed staff to return with a resolution to eliminate park and traffic impact fees for very low, low, and moderate-income

affordable housing, and to request contingency funding to backfill up to \$1.5 million in lost fee revenue. The resolution to eliminate fees is effective March 11, 2025 and will remain in place through the end of calendar year 2026, or until the County adopts an updated Nexus Study and fee schedule for traffic and park impact fees, whichever comes first. All affordable housing projects that received building permits on or after February 1, 2025 shall be eligible for elimination of impact fees, provided they meet the eligibility criteria and have an affordability restriction recorded against the deed at the time of building permit issuance.

The resolution to eliminate park and traffic impact fees for very low, low, and moderate-income affordable housing attached to this item provides details to guide program implementation, including:

- Fees will be assessed at the time of building permit issuance, including eliminating fees for affordable units, but not collected until the time of final inspection or certificate of occupancy, whichever occurs first.
- The fee reductions will apply only to housing developments that have a recorded affordability restriction at the time of building permit issuance. Consistent with the Housing Affordability Act and RHNA obligations, eligible affordability restrictions will include deed restrictions that guarantee continued affordability of rental units for at least 55 years and of ownership units for at least 45 years.
- Fees will be assessed on a unit basis, as opposed to a project basis.
- Permit Sonoma is authorized to make eligibility determinations for affordable housing projects and calculate the elimination of impact fees for eligible dwelling units at the time of building permit issuance.

Implementation

Permit Sonoma will modify internal procedures as needed to determine if projects meet program requirements and assess the total fees for the project, including eliminating fees for eligible affordable units. Permit Sonoma will track and maintain a record of fees eliminated and coordinate discretionary funding amounts to be transferred to corresponding department recipients with the County Administrator's Office.

Staff will include program participation rates in the General Plan Annual Implementation Progress Report, which is provided to the Board and made available on [Permit Sonoma's website](https://permitsonoma.org/longrangeplans/adoptedlong-rangeplans/generalplan/implementationprogressreports) <<https://permitsonoma.org/longrangeplans/adoptedlong-rangeplans/generalplan/implementationprogressreports>> annually. Additionally, staff will provide an update on program participation and the nexus study development in the second half of the 2025 calendar year.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

Objective: Objective 3: Create incentives for developers to promote affordable housing development in the County

Racial Equity:

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

No

Prior Board Actions:

- 6/10/24: AB 602 Development Impact Fee Nexus Study
- 11/5/24: AB 602 Development Impact Fees
- 1/14/25: Consider Options to Establish a Two-Year County Imposed Development Impact Fee Reduction Program

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses		\$1,500,000	N/A
Additional Appropriation Requested	\$1,500,000		
Total Expenditures	\$1,500,000	\$1,500,000	N/A
Funding Sources			
General Fund/WA GF		\$1,500,000	N/A
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies	\$1,500,000		
Total Sources	\$1,500,000	\$1,500,000	N/A

Narrative Explanation of Fiscal Impacts:

This item requests \$1.5 million in General Fund contingency funding to backfill eliminated fee revenue based on actuals. Additionally, staff will recommend programming \$1.5 million in discretionary General Fund for the second and last year of the program through the 25-26 budget process. Fiscal year 24-25 unused funds will be held in the Designated Purposes Fund and could be rolled forward into year two for a total \$3 million backfill, as needed after County Administrator staff review and assessment.

Permit Sonoma will track and maintain a record of fees eliminated and coordinate discretionary funding amounts to be transferred to corresponding department recipients with the County Administrator’s Office.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

Agenda Date: 3/11/2025

NA

Attachments:

- A. Resolution to Establish a Two-Year Development Impact Fee Elimination Program for Affordable Housing
- B. Budget Resolution

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

None