

MOTION

HOUSE LA: *Deferred Fees*

The California Legislative Analyst's Office (LAO) recently issued a report titled "California's High Housing Costs: Causes and Consequences" which asserts that higher building costs contribute to higher housing costs. The report points to three factors which determine developers' cost to build housing: labor, materials and government fees. All three of these components are higher in California than in the rest of the country.

Development fees - charges levied on builders as a condition of development - are higher in California than other states. A 2012 national survey found that the average development fee levied by California local governments (excluding water-related fees) was just over \$22,000 per single-family home compared with about \$6,000 per single-family home in the rest of the country. Altogether the cost of building a typical single-family home in California's metropolitan areas likely is between \$50,000 and \$75,000 higher than in the rest of the country.


One way of facilitating increased housing production could be to alleviate the high cost of development by deferring certain fees until completion of construction of a residential project and issuance of a Certificate of Occupancy.

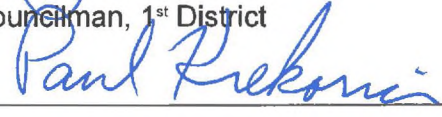

While many fees are imposed to offset the costs of City staff time in reviewing and processing building plans and inspecting the progress of construction on site, there are other fees imposed on residential development which are not "processing fees". Rather they are fees related to the use of services once construction of the housing unit has been completed and the residence is occupied. Such fees include, but are not limited to: sewer connection fees, storm water fees, traffic mitigation fees, park fees, water and power installations, utility fees, and school fees collected on behalf of the Los Angeles Unified School District.

Fees for these services could be collected in conjunction with the issuance of a Certificate of Occupancy following project completion rather than at the beginning of the building permit application process. Deferring said 'use' fees until project completion would help to reduce predevelopment and financing costs - ranging from \$3,000 to \$5,000 per unit. Deferring and collecting these specific fees at the Certificate of Occupancy stage would have no impact on the City's General Fund; all other required funds for all City services would still be paid at the start of the building application process and collected by the City.

I THEREFORE MOVE that the City Council instruct the Department of Building and Safety with the assistance of the Chief Legislative Analyst and the City Administrative Officer, in consultation with any other relevant city department, to prepare and present a report on which 'use' fees could potentially be deferred and collected until the issuance of a Certificate of Occupancy for a residential development.


AUG 25 2015

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SECONDED BY: 


ORIGINAL