

Administrative Procedures for the collection of **Development Impact Fees**

I. What are Development Impact Fees?

Development Impact Fees (DIFs)¹ are fees imposed by the City on new development to pay for a portion of the costs of providing public services to the new development. Applicants obtaining a permit to build in Carpinteria pay Development Impact Fees that are applicable to their project. The revenue generated from DIFs contributes to funding public roads, street intersections and freeway interchanges, parks, and similar improvements needed to serve our community. The fee is based on a formula adopted by the City Council through review of a fee study. DIFs are typically paid at the time that the building permit is issued.²

Other Carpinteria public agencies also charge DIFs. These agencies include the Carpinteria Unified School District and the Carpinteria-Summerland Fire Protection District. As with the fees collected to offset the cost of improvements in the City, the School and Fire District DIFs pay for the increment of capital costs associated with new development that impacts school and fire protection needs in the community. The Carpinteria-Summerland Fire Protection District's DIF was created by the City on behalf of the District.

DIFs are distinct from planning charges, plan check and building permit fees. Planning charges paid for projects that require a Development Plan or other discretionary permit are collected via deposit at the beginning of the application process and are required to complete development review. Plan check and building permit fees pay for the cost of reviewing construction plans for compliance with the City's building codes and providing building inspection services. DIFs are also distinct from connection and services charges of the Carpinteria Sanitary District and the Carpinteria Valley Water District that an applicant must pay in order to gain utility service.

II. How are Development Impact Fees calculated for my Project?

The City's DIFs³ are calculated by determining the appropriate Land Use category (see Attachment A) for the project and applying the established fee (see Attachment B) on a per unit, per gross acre, per gross square foot or per room basis, depending on the development type. The Fire District DIFs, imposed and collected by the City on behalf of the District, are similarly charged either on a per dwelling unit or per square foot basis.

¹ Regulations relating to Development Impact Fees are established in Carpinteria Municipal Code Chapter 15.80.

² Pursuant Government Code Section 66007, impact fees for residential projects are required to be paid at the time of issuance of certificate of occupancy.

³ The Development Impact Fee Schedule was established by Resolutions 4839 and 4840 on January 26, 2004. The fee schedule is adjusted annually on July 1st. The Development Impact Fee Report and Capital Improvements Plans was accepted by the City Council on January 12, 2004 as Resolutions 4837 and 4838.

City staff determines the Land Use category into which the project best fits. The Land Use categories have been created to be similar to zoning districts for ease of use but also take into consideration intensity of use. The overall development (use) of a site is considered in determining how to calculate the fee, including building areas and improved areas other than buildings, such as covered areas and outdoor areas. Some development may result in the application of more than one Land Use category in the fee calculation. Outdoor seating, product display or sales, and service or assembly areas are part of the uses of a site that generate impacts to local infrastructure and therefore are included in the calculation of DIFs.

All Development Impact Fees are adjusted annually based on an Engineering Cost Index. In July of each year the fee is automatically adjusted to reflect the effect of this inflationary index. Fees are calculated at the time of payment.

III. What happens to the fees that I pay?

The fees collected are deposited into special accounts where they are audited annually and reported on during a public hearing before the City Council as required by law, usually in October of each year. The purpose of the annual report is to publicly review the funds and their use. State law requires that funds be used for the purpose for which they were collected and within a specified time frame.

IV. Is my project exempt from payment of the fees?

Additions, Alterations and Use Change: City DIFs are not calculated for additions or alterations to a residence or a residential project that does not increase the number of residential units. However, additions/alterations to, or change in use of any part or all of a commercial or industrial building or site that results in an intensification of use may be subject to the application of DIFs. In such cases, the fee charged is calculated as the difference between the DIF calculated prior to the change and the DIF calculated after the change. In determining whether a use change is an intensification that is subject to DIFs, the City may refer to changes in parking demand, vehicle trip generation, seating capacity or similar factors.

Subdivisions: Any residential subdivision required to dedicate land and/or pay a park and recreation facilities fee (Quimby Fee) pursuant to Chapter 16.24 of this code shall be exempt from payment of the New Construction Tax as defined in §3.08.070. It should be noted that the New Construction Tax is not a DIF, but is usually calculated at the same time as the DIF fees and included in the fee breakdown provided to applicants.

V. Can my project receive a credit?

An applicant may receive a credit toward payment of DIFs when new development or a conversion results in the removal of existing development, e.g., residential units, commercial or industrial building area. The credit is calculated by the City. To receive credit, development must be removed in conjunction with the construction of new development. Under extenuating circumstances, such as a risk to public health and safety, the City may approve credit toward future fees when improvements are removed prior to an applicant seeking permits for a new

development.⁴ Additionally, the City may modify the Fee Schedule to allow discounts or incentives to certain types of development.^{5 6}

VI. When is an adjustment or waiver of the fee appropriate?

The City charges new development an impact fee because the City has determined that there is a relationship between an impact created by certain classes of development and the need for certain public facilities referred to as capital improvements. The fees are set at an amount that has been determined to reflect the cost of the capital improvements and the contribution necessary for the development to contribute its proportional share based on its impact. An applicant may request, through written request to the City Council filed with the City Clerk, that a DIF be reduced, adjusted or waived if the applicant believes that there is no relationship between the impacts of the development and either the amount of the fee charged or the type of facilities to be constructed with the fee.

VII. When are the fees due?

Development Impact Fees are typically paid at the time of Building Permit issuance. However, Municipal Code §15.80.090 allows residential development impact fees to be collected prior to issuance of the Certificate of Occupancy. See California Government Code §66007 for additional information. Fees are calculated at the time of payment and may vary from the time of initial development approval when the fees are. Fees are always considered an estimate until the date of payment.

VIII. Annual Fee Adjustments

Development Impact Fees are adjusted annually to reflect inflationary changes. The annual adjustment occurs on July 1st of each year, to coincide with the fiscal year. Most fees are adjusted by a percentage equal to the change in the California Department of Transportation Price Index for Selected Highway Construction Items for the twelve-month time period ending March 31 prior to the July 1 adjustment date. The other fees, including the Parks and Recreation and Open Space Land Acquisition Fees, are adjusted by the percentage change in the median price of a single family home in Santa Barbara County, South Coast as, calculated from sales report data provided by the County of Santa Barbara Assessor's Office for the twelve-month period ending March 31 prior to the July 1 adjustment date.

⁴ The City is not required to return money to the applicant as part of granting a credit.

⁵ Per Resolution 5483 the Highway Interchanges and Bridges fee has been discounted by 50% for commercial and industrial uses until April 30, 2015. The fee discount will expire on that date and the appropriate fee will be assessed.

⁶ Per Resolution 5238 approved on April 12, 2010 a reduction in the Development Impact Fees shall be provided for 100% Affordable Projects.