



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** July 9, 2013

From: Lori Lamson, Community Development Director **Item No:** 13
Community Development Department

Subject: DEVELOPMENT IMPACT FEE DISCUSSION

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

Receive and file and provide direction to staff.

SUMMARY:

On April 9, 2013, Council Member Stanton requested that a review of development impact fees be agendized. Specifically, she stated...“we should revisit impact fees – review development impact fees and consider a reduction”. Staff is requesting direction from the Council on this issue and has separated the user fees from the Development Impact Fees (DIF) for discussion purposes.

Since 2008, there has been no increase to the existing Development Impact Fees. Recently, the Daily Press has published articles regarding the City of Hesperia’s recent action to temporarily lower its Development Impact Fees. The reductions are only for construction of single-family residential units on infill lots. It does not include new subdivisions. Hesperia’s fee reduction is limited to single family residential permits within subdivisions/lots that have been recorded as of April 2, 2013. Newly recorded subdivisions will not be eligible for the fee reduction. Where there is a reduction, it will be for an eighteen (18)-month duration with an effective period from April 2, 2013 through October 2, 2014.

At the request of the City, Hesperia Recreation and Park District agreed to a temporary fee reduction of \$1,371.75. The City of Hesperia approached Hesperia Unified School District to negotiate a similar reduction, and was met with a fee increase of \$0.34 per square foot resulting with \$4.93 per square foot for new single family construction.

Apple Valley Unified School District collects \$3.20 per livable square foot for new single-family construction. Below is a table comparing Hesperia’s DIF fees with Apple Valley. As you can see Apple Valley is still significantly lower than Hesperia even with the recent reduction.

DIF Component	Hesperia Pre-reduction Fee	Hesperia DIF 4/2/13 - 10/2/2014	Apple Valley Current Fee
Transportation	\$ 9,781.00	\$ 9,781.00	\$ 6,754.00
Drainage	\$ 1,284.00	\$ 1,284.00	\$ 1,581.87
Fire	\$ 1,425.00	\$ 0.00	\$ 740.00
Police	\$ 423.00	\$ 0.00	\$ 0.00
Public Facilities	\$ 1,109.00	\$ 0.00	\$ 871.09
Parks	\$ 5,487.00	\$ 4,115.25	\$ 3,208.00
Water Facilities	\$ 3,513.00	\$ 940.00	n/a
Water Supply	\$ 2,662.00	\$ 2,662.00	n/a
Meter Install	\$ 350.00	\$ 350.00	n/a
Sewer	\$ 1,571.00	\$ 1,571.00	\$ 2,127.09
Total	\$ 27,605.00	\$ 20,703.25	\$ 15,282.05

Hesperia is hoping that this temporary reduction in the DIF fees will spark some residential development, which they have been completely lacking over the last several years (only 2 issued since 2010). Apple Valley has had more permits issued than Hesperia, 124 for single-family residences issued since 2010.

It is staff's opinion that the residential development will not pick up momentum until such time that the construction costs (materials) become closer to the cost of purchasing an existing residence. The gap between the cost of new construction and the purchase price for existing homes is not anywhere near where it needs to be for a fee reduction of \$7,000 a unit to make any difference in creating new construction.

FISCAL IMPACT:

Not determined.