



Agenda Report

Fullerton City Council

MEETING DATE: JULY 6, 2021

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: ACTING CITY MANAGER, STEVE DANLEY

PREPARED BY: KELLEEE FRITZAL, ACTING DIRECTOR OF COMMUNITY
AND ECONOMIC DEVELOPMENT
HEATHER ALLEN, PLANNING MANAGER

SUBJECT: PROGRAM EXTENSION TO TEMPORARILY DEFER
COLLECTION OF SPECIFIED DEVELOPMENT IMPACT
FEES FOR CERTAIN DEVELOPMENTS

SUMMARY

Consideration of a twelve-month extension to the existing program to temporarily defer collection of specified Development Impact Fees from building permit issuance until the issuance of Temporary Certificate of Occupancy or Final Certificate of Occupancy ("Fee Deferral Program").

RECOMMENDATION

1. Adopt Resolution No. 2021-XX.

RESOLUTION NO. 2021-XX - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, REAUTHORIZING THE FEE DEFERRAL PROGRAM ESTABLISHED BY ORDINANCE NO. 3281 FOR AN ADDITIONAL TWELVE MONTHS

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

There is no fiscal impact associated with this action. Developers requesting to participate in this fee deferral must still pay the full value of the specified development impact fees.

DISCUSSION

In May 2020, City Council adopted Ordinance No. 3281 (Attachment 2) to establish a Fee Deferral Program to allow developers to temporarily defer payment of certain development impact fees from the permit issuance phase to prior to certificate of occupancy. The City initially established the Fee Deferral Program for a twelve-month period in response to the uncertainty of COVID-19 pandemic. However, the Fee Deferral Program can continue to provide a valuable option to facilitate development investment in the City.

Development impact fees can represent a sizable up-front cost and, in some cases, provide the deciding factor in the financial feasibility of a project. Allowing deferral of these fees until the project nears completion provides a valuable incentive to both the developer and lender by reducing the time between the investment of money into a project and realizing a return on that investment in the form of sales or leasing of the building and/or units. The impact fees deferred under this Program include: Parks Acquisition and Development Fee, Traffic Impact Mitigation Fee, Sanitation Fee and General Plan Update Fee.

To ensure developers pay fees prior to certificate of occupancy, provisions of the Program require a developer to execute a contract to pay the fees, with interest, prior to issuance of the certificate of occupancy. The City will record this contract with the Orange County Clerk-Recorder and constitute a lien for the payment of the fees. Alternatively, the developer could secure the obligation by an irrevocable letter of credit from the developer. To avoid any fiscal impact to the City, the Program further provides that a developer will offset the City's costs to implement and administer the Fee Deferral Program.

Ordinance No. 3281 established an initial term of the Program to accept applications by June 1, 2021 with all approvals by July 1, 2021. City Council adopted a resolution as the mechanism to provide for subsequent Program extension. This action would reauthorize the Fee Deferral Program for another twelve months, authorizing the Program to accept applications by June 1, 2022 with all approvals by July 1, 2022. Staff does not propose changes to Program components.

While the City has not received applications to date, several projects in the entitlement pipeline are evaluating participation in the program should City Council grant an extension.

Attachments:

- Attachment 1: Draft Resolution No. 2021-XX
- Attachment 2: Ordinance No. 3281