Development Impact Fee Update

April 6, 2022 – Community Meeting

Q&A

1. **Question: "Why is the most significant rate increase for a single family home?"**

   Response: The current DIF does not charge the Transportation fee on residential developments. The updated fee is proposing to begin charging a Transportation fee, which is responsible for a significant portion of the increase in residential fees over what is charged currently. In addition, the transportation impact (and fee) assigned to new single family housing units is higher than that charged to multi-family units because single family units generate more trips per capita than multi-family units. The City Council may adjust the adopted fees based on policies.

2. **Question: "Are all fees associated with a building project considered development impact fees? Like the permit fee itself, or the plan check fee, or fee for inspection, or fee for re-inspection when corrections are needed?"**

   Response: No, plan check, inspection, and other fees are separate from development impact fees. Development impact fees are only charged to offset certain infrastructure impacts caused by new development. These other fees do not fund infrastructure and therefore are not development impact fees.

3. **Question: "Single Family Residential makes it sound like R1. [Do single family residential projects] really mean projects like Front St and Fry's if [they] hadn't already been approved."**

   Response: The Single Family Residential Development Impact Fee applies to residential projects that are building a single dwelling unit on one parcel. The Multi-Family Residential Development Impact Fee applies to projects where more than one unit are developed on one parcel, such as the proposed Aero Crossing (Fry's site) and LaTerra (Front Street) developments. Additionally, Accessory Dwelling Units (ADUs) that are accessory units built on the same parcel as a single family unit, are treated differently (see below).

4. **Question: "How much do DIF fees contribute per year to Burbank?"**

   Response: The amount varies since impact fees are collected proportionally over time as new development occurs. For example, in FY 20-21, the City collected approximately $2.3 million in DIF fees. However, in FY 18-19, the City only collected slightly more than $500,000. This means that projects funded with DIFs are generally long-term projects that must be financed as development occurs and revenues are collected and set aside to construct improvements.

5. **Question: "In order to encourage ADU construction, would we consider a reduced DIF?"**

Response: The State limits development impact fees charged on Accessory Dwelling Units (ADUs). ADUs under 750 square feet are exempt from DIF. ADUs over 750 square feet can be charged DIF proportional in size (based on square footage) to the primary residence.

6. **Question: "If Burbank was to charge for rounds of corrections after the second time plans are returned, would that be considered a development impact fee? If not, is there anything preventing the City from doing so based on State law?"**

   Response: Plan check and other entitlement fees are separate from Development Impact Fees.

7. **Question: "Would charging the applicant by the hour, for the time each applicant used be considered a legitimate charge or fee under the State laws?"**

   Response: Plan check and other entitlement fees are separate from Development Impact Fees. They are assessed based on the size of the development, not based on the effort needed for the City to review the development.

8. **Question: "But single family is also multi unit development it confusing"**

   Response: The difference between single- and multi-family development is based on the number of dwelling units on a parcel. If it is one, then it would be charged as a single family residential project. If there are more than one dwelling units on a parcel, then the development would be charged as a multi-family project.

9. **Question: "Can we pro-rate DIFs to a lower amount when adding living space that is not a new full single family unit?"**

   Response: The fee is based on dwelling units so it will only be charged to a project adding a new residential unit to the site. Adding square footage to an existing dwelling unit without expanding the number of units on the parcel will not trigger DIFs.

10. **Question: "If maximum fees were charged, would more or less general fund money be used in any area where it is currently used to subsidize budget shortfalls"**

    Response: Generally, DIF cannot be used to balance the budget. DIF is used to cover the portion of the infrastructure needed by new development. Also, the City is limited to only expending DIFs on improvements identified in the nexus study, for which the fee was collected. To the extent that DIFs provide funding for infrastructure that would otherwise need to be paid by the General Fund, DIFs do slightly relieve the City's General Fund.

11. **Question: "Is it legal to charge maximum fees, but reduce the fees as incentives when desired construction is built. For instance, if a mixed use project were charged max retail and max residential, could the city reduce it for middle income and low income units?"**

Response: Legally, the City can charge up to the maximum fees. But, for the policy trade-offs presented, staff does not recommend charging the maximum because it counteracts such policies. You could set up the fee to incentivize certain types of development.

12. **Question: "would the contemplated redevelopment of Warner Ranch be considered Studio or Multi-family?"**

    Response: Any new development would be charged the applicable DIF for the land use that is being proposed, less a DIF credit for any existing uses being demolished. The studio rate would apply to new square footage that is studio use. If the development is proposing to add housing on the site, then the added units would be charged the residential fee.

13. **Question: "How will mixed-use properties be classified?"**

    Response: The applicable fee would be charged based on the square footage of each independent land use type in the project. So, the commercial fee would be charged to the new commercial square footage and the residential fee would be charged on the added residential units.

14. **Question: "Can payment of DIF for retail or studio use be deferred over time, paid out of revenue they generate?"**

    Response: Any request for special financing of DIF may be made to the City Council by filing a notice of appeal with the City Clerk in accordance with the appeals process outlined in BMC Section 10-1-2213.

15. **Question: "Which cities, that charge maximum fees or significantly higher fees than Burbank have reported negative impacts? If there are some, can you provide written reports from those places?"**

    Response: Staff does not have this information. However, our neighboring cities have set their rates lower than recommended by consultants in order to encourage development and, later, increased fees when the need to intensify demand was no longer needed. One example is Glendale's DIF City Council item from January 28, 2014.

16. **Question: "Which large retail projects in nearby cities have been cancelled due to high fees?"**

    Response: Staff does not have the answer to this question as developments can be canceled for various reasons. Developers are generally aware of the fees prior to submitting proposals, so staff is not aware of any projects that have been cancelled specifically due to fees. However, our neighboring cities have set their rates lower than recommended by consultants in order to encourage development and, later, increased fees when the need to intensify demand was no longer needed.

17. **Question: "The public is confused by single family[.] [E]xplain [how] it's meant [to apply] for big single multi residential"**

Response: More than one dwelling unit built on a single parcel is considered a multi-family residential project.

18. **Question: "Is it legal to charge the DIF to tear down housing for single family?"**

    Response: No, DIF is only charged to new single family dwelling units. The DIF that would be charged for the new single family home would be offset by a credit for the previous dwelling unit that was demolished.

19. **Question: "If a new single family house is built by tearing down an existing house, how does that cause transportation usage to increase?"**

    Response: Under this scenario, there are no transportation impacts from the new house because it is replacing an existing house.

20. **Question: "For affordable housing DIFs, does it have to be deed restricted to qualify? If so, for how long?"**

    Response: Yes. Staff is currently considering that the deed restriction be in place for a minimum of 55 years for rental units and 45 years for ownership units.

21. **Question: "Based on the answer could you provide a version that also includes how charging a teardown so that they also pay their fair share"**

    Response: Because DIF is only charged to added capacity onto the City's infrastructure, a dwelling unit replacing another dwelling would not be charged DIF.

22. **Question: "Has it been considered to have adjusted DIF within a block/walking distance from transit?"**

    Response: Staff is currently not proposing a reduced fee for development occurring near transit because these developments still cause impacts. For example, a residential project near transit may generate reduced vehicle trips relative to a development built further away from transit, but the Transportation fee covers non-roadway projects including active transportation, pedestrian network, and transit improvements, and impacts to these systems would not be reduced – and in fact could be increased – for housing development projects located near transit.

23. **Question: "Does DIF include the public art fee, or is that separate?"**

    Response: The Public Art Fee is a separate fee.

24. **Question: "Must DIFs be used within a specific time line?"**

    Response: Under State law, we have five years to spend DIFs from the time they are collected. However, the City may make findings every five years to retain DIFs collected beyond five years that identify the purpose to which the fees will be used and demonstrating a reasonable relationship between the fees retained and the purpose for which they are charged.

25. **Question: "Would SB 9 projects, where there are 4 [units on a parcel] where [previously] there was 1 all be charged new single family fee?"**

    Response: If a new parcel were split from an existing R-1 parcel under SB-9 and two new dwelling units are added to the new parcel, then the units will be charged as multi-family units. However, if one new unit were built on the new parcel, then the new unit would be charged the single-family DIF. If the new units are ADUs, then the State's limits on charging DIFs on ADUs apply.

26. **Question: "Can a DIF from one year be combined with DIFs from other years and other sources to fund projects?"**

    Response: Yes. Projects funded with DIFs are generally long-term projects that must be financed as development occurs and revenues are collected and set aside to construct improvements. DIFS are also usually combined with other funding sources to complete a project.