



City Council

Staff Report

TO: Honorable Mayor and City Council

FROM: Karl Schoettler, City Planner, Collins and Schoettler

THROUGH: John Jansons, City Manager *JJ*

DATE: October 10, 2016

RE: Informational report on impact fees for second dwellings and also impact fees for new primary dwellings on vacant lots that were formerly occupied

RECOMMENDED ACTION:

It is respectfully recommended that the City Council consider the staff report on the topic of impact fees, with possible direction to staff for future action.

BACKGROUND:

Staff requires clarification on the issue of impact fees as they concern two types of residential development:

1. Should full impact fees be charged when a second dwelling unit is proposed?
2. Should impact fees be waived when someone proposes a new primary dwelling on a vacant lot where it can be shown that a house used to exist, but was previously removed?

ANALYSIS:

1. IMPACT FEES FOR SECOND DWELLING UNITS

Zoning for Second Dwellings:

Based on State law, the City must allow second dwelling units on lots that are zoned for single family residential development (R-1). Farmersville's Zoning Ordinance was amended in 2011 to establish a second unit ordinance. Second units have to meet zoning standards pertaining to items like size, setbacks, height, parking, appearance, etc.

Impact Fees

The City currently charges impact fees for all new single family homes and all new multi-family dwellings that are built. Second dwellings are not specifically listed in the City's fee schedule but using the logic that second units do impact City utility systems and services, the City has been collecting full impact fees against the few second dwellings that have been proposed.

Survey

The consultant conducted a survey of all cities in Tulare County and found that all cities collect full impact fees against second dwellings with the exception of the following:

Tulare: The City charges 1/2 the impact fee amount for second dwelling units on the strategy that this will help promote the development of more affordable housing in the City

Visalia: The City charges impact fees against second dwellings but at the rate for multi-family dwellings (which is slightly less than that for single family dwellings). The City's logic is that a second dwelling is essentially a multi-family unit.

Porterville: For utilities (water, sewer and storm drain) if the site is already developed with a primary dwelling the City may reduce or eliminate fees for a second unit. However the City always charges full fees for wastewater treatment plant, traffic impact and parks for second dwellings.

SB 1069

While preparing this report the Governor signed a new law that (among other things) limits impact fees that cities can charge against certain types of second dwelling units. Staff is seeking clarification from the State on this matter but preliminarily it appears that some impact fees cannot be collected when a second unit is created within the envelope of the existing structure of the primary dwelling on the lot. These are not known to have occurred in the past in Farmersville, however the City's fee schedule would need to be amended to spell out this reduction.

2. IMPACT FEES FOR A NEW DWELLING ON A SITE WITH A PREVIOUS DWELLING

The current impact fee schedule appears to be silent on whether the City should collect or waive impact fees for development on a site that had a previous dwelling that no longer exists. Not all cities that were surveyed responded to this question but those that did indicated that they would give credit and waive fees where a dwelling previously existed. One city responded that they try to verify the size of the previous dwelling and then pro-rate the fees if the proposed new dwelling is larger than the previous dwelling.

A related issue is the concern that older dwellings in Farmersville likely did not pay any impact fees at all when they were built. In this case it may be fair for the City to collect impact fees against a new unit. The difficulty comes in determining when the structure was built, and when the City began collecting impact fees.

It is unknown when Farmersville first began collecting impact fees. The most recent update to most of the fees occurred in 2006. Certainly fees were not collected by the City prior to incorporation in 1960. Many cities began collecting impact fees in the 1980's as available funds began to dwindle following the passage of Proposition 13 in 1978. Additional research may be needed if the City Council wants staff to pursue this information. However because this primary dwelling unit issue occurs so rarely, it may not be worth the time to research.

3. RECOMMENDATIONS:

It is recommended that Farmersville continue to charge full impact fees for second dwelling units, but should amend the fee schedule so that this is clearly spelled out. The City may also need to clarify fees depending on the outcome of SB 1069.

As shown in the foregoing analysis it appears only the larger cities in Tulare County charge reduced fees for second units. Ostensibly the larger cities are more likely to have the ability to absorb reductions in impact fee collection.

It is also recommended that the City should credit impact fees when it can be shown that a dwelling previously existed on a site. Proof of a previous dwelling might be determined from previous utility bills, old Assessor rolls, evidence of an old foundation on the site, etc. Staff would also like input on whether a specific "cutoff" date should be established to determine whether impact fees should be charged when the former house likely paid no impact fees.

COORDINATION & REVIEW:

This issue has been coordinated with the City Manager, Finance Department and as well as the City Engineer. If directed by the City Council staff will return with a resolution to amend the impact fee schedule.

CONSISTENCY WITH ADOPTED GOALS, PLANS, AND PROGRAMS:

Three resolutions were previously adopted by the City Council to adopt impact fees related to wastewater collection, wastewater treatment, water supply and storage, storm drainage, law enforcement, fire protection, and parks. The total fees for a single family dwelling is currently \$10,813.00. All impact fees must be consistent with State law that requires that a particular impact fee must be clearly related to the impact that is caused by a specific project.

FISCAL IMPACT:

There will be a positive fiscal impact to the City if fees are collected for second units to offset new impacts on city services for new residents in "secondary" units built. There will also be costs to the City to permit related to staff and consultant time to prepare reports and resolutions on this matter and costs associated with public hearings and notices.

CONCLUSION:

It is respectfully recommended that the City Council consider the staff report on the topic of impact fees, with possible direction to staff for future action.

Respectfully Submitted,



Karl Schoettler
City Planner

Approved By:


John Jansons
City Manager