



July 19<sup>th</sup>, 2024

## DEVELOPMENT ADVISORY

### Clarification regarding Development Impact Fees and Capacity Charges as applicable to Single Family Projects

#### Grandfathering of Projects

Certain single family home projects, as established by City Council Policy CP-22-01 (Attachment A), were exempted from updates to Development Impact Fees (DIF) and Capacity Charges. In these instances, projects were only subject to DIF and Capacity Charges in effect prior to January 1, 2023. In accordance with this policy, these exemptions shall expire for any project that has not been issued building permits before January 1, 2025, at which point such projects shall become subject to the DIF and Capacity Charges in effect as of January 1, 2025.

Understanding that the City will likely receive a high volume of submittals and will likely not be able to process and issue all of them before the year's end, and to clarify the meaning of the term "projects", the City will allow housing developments which meet the following criteria to be assessed fees according to the previous rate:

- For tract development, at least one "construction phase" (i.e. models) of permits shall be submitted by November 14<sup>th</sup> and issued before the end of the calendar year (December 31, 2024). For this to occur, a project must have received approval through the Planning Department's entitlement process and must have its models approved through a stock plan submittal with the Building Department. Projects which make initial submittals for entitlements or stock plans at, or near, these deadlines have not allowed sufficient processing time and therefore will not be given this consideration. As an example, Pre-Submittal Review applications for new projects should be submitted no later than September 30<sup>th</sup>, and Minor Site Plan applications with associated stock plan submittals should be received no later than October 1<sup>st</sup> to allow sufficient time for permit processing.
- Where the first condition is met, permits for any other lots which are submitted prior to December 31<sup>st</sup> of 2024 will also be considered "grandfathered."

Please note, the submittal of applications or permits by the dates indicated in this advisory does not guarantee the permits will be grandfathered. Incomplete applications or the submittal of plans that do not meet City standards will be rejected, subject to my review.

We appreciate the on-going working relationship with the building industry and look forward to assisting developers through this DIF rate implementation. Should you have any questions pertaining to this advisory, please email City Planner Alex Jauregui with any Planning Department entitlement questions at [ajauregui@victorvilleca.gov](mailto:ajauregui@victorvilleca.gov) and email me with any building permit related questions at [jselgers@victorvilleca.gov](mailto:jselgers@victorvilleca.gov) for further assistance.

Respectfully,

Joseph Slegers  
Building Official

**City of Victorville  
Council Policy**

<b>SUBJECT:</b>	<b>Policy No. CP-22-01</b> (Superseding Policy Nos. CP-90-04; CP-92-01; CP-02-01 and CP-10-05)
<b>Development Impact Fees and Capacity Charges</b>	<b>Effective: June 7, 2022</b>

**I. Purpose**

The purpose of this policy is to establish guidelines for the implementation of Development Impact Fees (**DIF**) for Parks and Recreation, Libraries, Fire Protection, Police, Public Buildings, Road Improvements, and Regional Drainage, as well as Capacity Charges for Sewer and Water (**Capacity Charges**) and the associated Administrative Fee as adopted by the City Council and Board of Directors for the Victorville Water District (the "**Policy**"). This policy does not govern the collection of fees by the City on behalf of outside agencies, such as VVWRA or any of the local school districts.

**II. Implementation Timeline**

The updated DIF and Capacity Charges shall be in accordance with the Master Fee Schedule adopted in conjunction with this Policy and shall become effective on January 1, 2023.

A. *Phased Implementation* – Updated DIF and Capacity Charges for single and multi-family development projects shall be implemented over a four-year period as specified in the Master Fee Schedule adopted in conjunction with this Policy.

B. *Grandfathering of Projects* – Certain projects, subject to the terms and conditions outlined below, shall be exempt from updated DIF and Capacity Charges. In these instances, projects shall only be subject to DIF and Capacity Charges in effect prior to January 1, 2023. However, these exemptions shall expire for any projects that have not pulled building permits before January 1, 2025, at which point such projects shall become subject to the DIF and Capacity Charges in effect as of January 1, 2025.

1. Single Family Residential Tracts – Projects for residential tracts within Victorville will be exempt from updated DIF and Capacity Charges if they are significantly underway as of June 30, 2022; meaning that the project applicant has made a final map submission to the City for plan check review; the underlying development is within a recorded Final Map (including a recorded Dash Map within an approved, unexpired Tentative Tract Map); or is in the Final Map Approval Process.

- i. For this Policy, the following definitions shall apply:
    - a. Final Map Approval Process – means having an approved, unexpired tentative map with an active improvement plan check being processed by the City as of June 30, 2022.
    - b. Dash Map – means a phased tract map with a dash between the tract number and phase number.
2. Multi-family Developments – Projects that are fully entitled or have submitted a Complete Entitlement Application to the Planning Department prior to January 1, 2023, are exempt from updated DIF and Capacity Charges.
  - i. For this Policy, the following definitions shall apply:
    - a. Complete Entitlement Application – means the submission of all the required application filing requirements to entitle a project that is deemed complete by City staff within 30 days of the submission.
3. Non-Residential Developments – All non-residential projects (e.g., commercial and industrial) that have received project entitlements from the Planning Commission and have submitted construction plans to the Building Department for plan check prior to January 1, 2023, are exempt from updated DIF and Capacity Charges.

### **III. Annual Cost Adjustment**

Following the initial effective date of January 1, 2023, DIF and Capacity Charges shall be adjusted on January 1st of each subsequent year by utilizing the July over July comparison from the California Construction Cost Index, published by the State Department of General Services, which is based on *Engineering News Record* Building Cost Index data specific to California.

For single and multi-family development projects, which are subject to phased implementation (as described in Section II.A of this Policy), the annual cost adjustment shall be applied only after the final year of phased implementation, starting on January 1, 2027. The annual cost adjustment shall be based on the calculation for a single year as described above (not a cumulative adjustment covering the multiple years of phased implementation).

### **IV. Fee Collection**

Except as otherwise provided in Government Code Section 66007, the payment of DIF and Capacity Charges for residential development shall not be required until the date of final inspection, or the date the temporary Certificate of Occupancy is issued, whichever occurs first. As to all other types of development projects, payment of DIF and Capacity Charges shall be required prior to, but not later than, the date of final inspection. If a developer is requesting full release of all utilities

prior to final inspection, including gas and electric service, payment may be required prior to release.

## **V. Determination of Applicable Fee**

Except for grandfathering of projects outlined in Section II, or as otherwise required by law, the applicable rate of DIF and Capacity Charges for all land use types will be determined based on the date of submittal of an application for a permit to the Building Department. The application must be for the specific building or improvement which creates the impact for which the fee charged is intended. This rate will remain the effective rate while the plan check for that application remains active. If the plan check expires, the applicant will have to submit a new application and will be subject to any DIF and Capacity Charge updates that have occurred between the initial expired submittal and the new submittal.

## **VI. Exemptions**

The following categories of projects shall be exempt from the requirement for the payment of DIF and Capacity Charges.

- A. *Old Town/CRIA* – Projects located within the Old Town Specific Plan and/or Community Revitalization Investment Authority (CRIA) geographical areas.
- B. *City-owned Property* – Development of facilities on land owned by the City or any of its subsidiary agencies, provided said land is developed for public use or benefits the health, safety and welfare of the community at large.
- C. *Accessory Dwelling Units (ADUs)* – ADUs less than 750 sq. ft.

## **VII. Credits Toward Applicable Fees**

A developer may be eligible to receive credits for certain public improvements constructed by the developer to offset DIF and Capacity Charges.

Criteria establishing the eligibility for fee credits for a category of public improvements are specific to that fee category as described below.

### **A. Park Land and Park Improvements**

1. Land dedicated to the City by a developer, for the use of a planned City park, may be eligible for a DIF credit if it is determined that the land will support the development of a park that will benefit the community in a manner consistent with the City's Parks and Recreation Master Plan. An appraisal report prepared by a qualified appraiser shall be submitted to the City for review. The dollar amount of the credit will be based on an appraised value found to be acceptable to the City.
2. Park improvements constructed by a developer for the use of a planned City

park, may be eligible for a DIF credit if it is determined that the park improvements will benefit the community in a manner consistent with the City's Parks and Recreation Master Plan.

### *B. Road Improvements*

1. The maximum Road DIF credit available is sixty-seven percent (67%) of the Road DIF collected for the development, which is the "Local Road Improvements" portion of the cost estimate in the most recent DIF Study, or the cost of the eligible road improvements, whichever is less. The remaining thirty-three percent (33%) of the Road DIF paid is reserved for the SBCTA Nexus Study Road Improvements portion of the most recent DIF Study. The percentages may be adjusted based on future DIF study updates.
2. The project must be on the most recently adopted Road DIF project list within the Capital Improvement Plan.
3. Only the center portion of a road is eligible for credit, because only the center portion was included in the cost estimate for the Road DIF project list within the Capital Improvement Plan. The eligible center width is as follows by street classification:
  - a. Arterial                      26 feet
  - b. Major Arterial            38 feet
  - c. Super Arterial            60 feet
4. Utility relocation costs are not eligible. Culvert crossings for drainage are eligible if they are required as part of the approved road improvements, but longitudinal storm drain facilities are not eligible.
5. Projects on the State Highways System are not eligible for Road DIF credits because arterial road projects on the Road DIF project list within the Capital Improvement Plan are only City roads and interchanges on I-15 will not be constructed by a developer.
6. Road portions outside of the City Limits (an adjacent City or County unincorporated area) are not eligible for Road DIF credits.

### *C. Drainage Improvements*

1. The project must be on the most recently adopted Regional Drainage Facilities project list within the Capital Improvement Plan.
2. Only regional facilities are eligible, which in general, are the larger facilities identified as Regional in a Master Plan of Drainage prepared by the San

Bernardino County Flood Control District. Typically, these facilities convey at least 750 cubic feet per second for the peak 100-year storm frequency.

3. For the Southern California Logistics Airport (SCLA), eligible facilities are also identified in the DIF Regional Drainage Facilities Project list and consistent with the facilities identified in the most recent the SCLA Specific Plan update.

#### *D. Sewer Collection System Improvements*

1. The project must be identified in the latest update of the Sewer Master Plan or a separate sewer study approved by the Engineering Department.
2. The project must increase the capacity of the sewer system.
3. Projects can include replacing an existing sewer main with a main of increased diameter or constructing a new sewer main. Sewer mains must be larger than 8 inches in diameter.

#### *E. Water System Improvements*

1. The project must be identified in the latest update of the Water Master Plan or a separate water study approved by the Engineering Department.
2. The project must increase the capacity of the water system.
3. Projects can include replacing an existing water main with a main of increased diameter or constructing a new sewer main. Water mains must be larger than 8 inches in diameter.

#### *F. Demolished Buildings*

Credits for demolished buildings or removed plumbing fixtures may be assigned to new permits on the same property on a like for like basis at the discretion of the Building Official. To qualify for these credits, detailed demolition plans must be submitted with plans for the new development indicating which structures or plumbing fixtures are being removed as part of the project.

#### *G. General Requirements for Credits*

If a project is determined to be eligible for DIF and/or Capacity Charge credits, the following general requirements shall apply:

1. A letter must be submitted to the City requesting the credit.

2. City staff will determine the eligible credit amount.
3. If the cost of land dedicated or improvements constructed exceeds the amount of DIF and/or Capacity Charge required to be paid by the developer, the developer may be eligible for reimbursement. The reimbursement amount is subject to available City DIF and Capacity Charge funds and must be specified in an agreement.
4. The City's standard Fee Credit Agreement must be used. The standard agreement has a term of five years, after which the agreement becomes void. City Council must approve the agreement.
5. DIF/Capacity Charge credits cannot be transferred to a different development project. The agreement is project specific.
6. Assignment of Road DIF/Capacity Charge credits to another party requires another agreement for the transfer of the credits, and approval by the City Council. The DIF/Capacity Charge credits remain with the land.
7. The improvements shall be installed by a contractor appropriately licensed in the State of California for the type of improvements constructed.
8. State prevailing wage rates shall be paid to the contractors that install the improvements.
9. Improvements shall be designed to City standards in accordance with approved plans by the City Engineer.
10. After construction of the project, the following information is required:
  - a. Supporting documentation for the actual cost of the work.
  - b. General contractor and sub-contractor names and license numbers.
  - c. Signed contracts and lien releases for all contractors and subcontractors associated with the work.
  - d. Certified payroll substantiating that State prevailing wages were paid.
11. The maximum amount of DIF/Capacity Charge credit cannot exceed the actual cost of the eligible improvements unless the developer is eligible for reimbursement in accordance with an approved agreement.
12. The credit is subtracted from the DIF/Capacity Charge required to be paid by the developer. The Building Division administers the DIF/Capacity Charge credits after the agreement is approved.