



ASSEMBLYWOMAN PILAR SCHIAVO

AB 1820 – Developer Fee Transparency

Summary

AB 1820 is a “good government” measure that seeks to provide developers financial certainty and predictability when estimating the cost of local development impact fees on proposed housing projects. This measure requires local jurisdictions to timely provide an itemized list and estimated total sum amount of all fees and exactions that will apply to a residential development that has submitted a preliminary application.

Background

State law gives local jurisdictions broad authority to levy impact fees on builders. Unfortunately, those fees are often not easily identified prior to issuance of a permit and construction. Many jurisdictions practice a “pay-as-you-go” methodology as the project goes through the many phases of permitting and construction.

A 2018 study conducted by the Turner Center for Housing Innovation at the University of California, Berkeley, found that fees and exactions can amount to up to 18 percent of the median home price, that these fees and exactions are extremely difficult to estimate, and that fees and exactions continue to rise in California while decreasing nationally. Further, escalating fee and exaction costs make it more difficult for builders to deliver new housing for sale or rent at affordable prices.

The study found significant implications for the cost and delivery of new housing in California. Specifically, without standardized tools to estimate development fees, builders cannot accurately predict total project costs during the critical predevelopment phase.

Affordable housing projects can be subject to exorbitant fees that raise the cost of the building, reducing the already narrow margins that affordable housing developers work with and the unpredictability of these fees can delay or derail projects altogether.

AB 1483 (Grayson) aimed to remedy this uncertainty to some degree by requiring local agencies to post on their

websites all fees imposed on a housing development projects. This measure was an attempt to prevent a “needle-in-a-haystack” approach in searching for the appropriate costs affiliated with the project. Unfortunately, a survey conducted by SPUR in 2021 found that “many jurisdictions have yet to come into compliance with AB 1483, as their websites often have incomplete or unreliable information regarding development fees and requirements.”

Current Law

(GOV § 65940.1) Details the requirements of cities, counties, or special districts to list on their websites their current schedule of fees, exactions, and affordability requirements imposed by the city, county, or special district, including any dependent special districts, as defined.

This Bill

AB 1820 will:

- 1) Allow developers to request a good-faith estimate of fee and exaction statement estimate from their local jurisdiction.
- 2) Require a local entity to provide a fee estimate within 10 business days of the submission of a preliminary project application.

Support

- San Francisco Bay Area Planning and Urban Research Association (SPUR) (Sponsor)
- California Building Industry Association (CBIA) (Sponsor)
- California YIMBY (Sponsor)

For More Information

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