



Community Development

919 Palm Street, San Luis Obispo, CA 93401-3218
805.781.7170
slocity.org

DEVELOPMENT IMPACT FEE DEFERRAL PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Impact Fee Deferral Program (“Program”) is designed to encourage the construction of qualifying residential development projects within the City of San Luis Obispo (the “City”) that further the City’s housing goals and strategies. The Program allows for the deferral of certain development impact fees that would otherwise be due and payable at the time of obtaining a building permit for an approved development project for a period of seventeen years with interest.

Definitions

“Applicant” means the owner or owners of record of the real property with an approved development project for which the deferral of certain development impact fees is sought pursuant to this Program.

“Approved development project” means a project that has received any required discretionary action by the City (including projects that are exempt from discretionary review under Municipal Code Section 17.106.020) and found to be in compliance with all environmental requirements prior to issuance of a building permit.

“Eligible Affordable Housing project” means an approved development project under this Program for which the City has approved the deferral of certain development impact fees. See table below for eligible projects.

PROGRAM GUIDELINES

Approval Authority

The Community Development Director has the authority to approve any eligible fee deferral under this Program. The Community Development Director has authority to execute any documents necessary to enter into a fee deferral agreement with the Applicant.

Application and Approval Process

An applicant may file an application with the City for a fee deferral (Exhibit A). The Community Development Director may, in their sole discretion, approve or deny a fee deferral application, or defer approval of the application to the City Council. A fee deferral granted under this Program shall be acknowledged by a Development Impact Fee Deferral Agreement (Exhibit B), a Deed of Trust (Exhibit C), and Promissory Note (Exhibit D) to ensure the security for the repayment of deferred fees.

The following requirements must be satisfied prior to the execution and recordation of a Development Impact Fee Deferral Agreement:

- 1) Submittal to the City of a completed fee deferral application; and
- 2) Approval of the fee deferral application; and

- 3) Payment of the administration fees (in accordance with the City's Comprehensive Fee Schedule) and/or recordation costs, if applicable.

Following execution of a Fee Deferral Agreement, and prior to issuance of certificate(s) of occupancy, Applicant/Developer will be required to execute a Promissory Note for the amount of the deferred impact fees (calculated according to the fee schedule in effect at that time), secured by a Deed of Trust.

The approval of a fee deferral pursuant to this Program for any development project shall not be transferable to another project regardless of whether the applicant is the same for both projects and whether the other project is also an eligible project.

<p>Eligible Projects</p> <ul style="list-style-type: none">• Housing projects that provide units in excess of the City's Inclusionary Housing Requirements (Municipal Code Chapter 17.138), to be rented to low, very low, extremely low or acutely low - income households.• Housing projects that are restricted to lower, very low, extremely low or acutely low -income households and that are built, owned and managed by a government agency or a nonprofit housing organization.	<p>Eligible Impact Fees</p> <ul style="list-style-type: none">• Fire impact fee; and• Parkland in-lieu fee; and• Parks and recreation development impact fee; and• Police impact fee; and• Transportation impact fees (citywide and designated subareas). <p>Non-Eligible Fees</p> <ul style="list-style-type: none">• Special District Fees• Water and wastewater impact fees (these impact fees are established in order to pay for the capital costs of public facilities reasonably related to the needs of new development in the city).
--	--

Repayment Terms

The fee deferral period for any approved development project is twenty (20) years from the date of final inspection/certificate of occupancy, with no payments required during the deferral period. Prior to or at the end of the deferral period, the impact fees and associated interest must be repaid in full in a single payment.

- The deferred amount (loan amount) will be calculated according to the fee schedule in effect at the time of final inspection/certificate of occupancy for the project.
- An annual simple fixed interest rate of three percent (3%) shall be paid in full at the end of the term. Interest shall accrue starting at the commencement of the deferral period for an approved development project.
- The impact fee deferral plus any accrued interest may be paid at any time prior to the end of the deferral period. An early payment in the full amount plus interest will remove any loan contingencies.

GENERAL CONDITIONS

Development Impact Fee Deferral Program Guidelines

All applications for deferral under the Program shall be considered on a case-by-case basis. Approval is not guaranteed, and the City has complete and sole discretion to approve or deny any application for deferral, and to provide full or partial deferral, or none at all. All approval decisions shall be final, and the applicant shall have no right of appeal from any decision on any deferral application.

The time from completed application to a deferral decision, evidenced by a deferral agreement, will vary depending on the quality and completeness of the application, the responsiveness of the applicant, and the workload of City staff, among other factors.

Applicants shall comply with all laws with respect to the deferral of fees under the Program. The City makes no representation as to whether the applicant's deferral of fees would subject applicant's activities or project to the state prevailing wage laws, as set forth at Labor Code sections 1720, et seq, or to any building regulations or standards applicable to public housing, as that term is defined in the respective regulation(s) and/or standard(s). Applicants shall perform all work in compliance with all applicable laws including, without limitation, and as applicable, state prevailing wage laws pursuant to Labor Code sections 1720, et seq., and building regulations or standards applicable to public housing. In the event an applicant fails to comply with any applicable law, the applicant shall be liable for the payment of all penalties, wages and/or damages resulting therefrom, and shall defend, indemnify, and hold the City harmless for any violations or alleged violations of law. These provisions will be included in any impact fee deferral agreement. Applicant is encouraged to seek legal advice through legal counsel of their choosing for further guidance.