

HOUSING COMMITTEE REPORT relative to establishing a fee deferral program that allows developers to pay impact fees at a later date instead of requiring upfront payment at building permit issuance.

Recommendations for Council action, as initiated by Motion (Yaroslavsky, Nazarian – Harris-Dawson):

1. INSTRUCT the City Administrative Officer (CAO), with assistance from the Department of City Planning, Department of Recreation and Parks, Housing Department, Department of Building and Safety, Bureau of Engineering, Office of Finance, and other relevant departments, to report within 90 days on City fees and exactions applicable to small-scale for-sale housing, including park fees, the Affordable Housing Linkage Fee, subdivision and mapping fees, and other applicable development fees, and identify options to establish exemptions, reductions, credits, deferrals, proportional fee structures, or other modifications for qualifying small-scale ownership projects.
2. DIRECT that the report, specifically, evaluate the fiscal impacts of any recommendation. City fees that result in a housing development being assessed additional charges solely because the homes are subdivided or established as condominiums for individual ownership, and recommend fiscally responsible changes that would avoid discouraging ownership housing relative to otherwise comparable rental development.
3. INSTRUCT the CAO, with assistance from the Office of Finance and other relevant departments, to evaluate the potential fiscal and economic benefits of facilitating additional individually owned homes, including the long-term property-tax implications of converting a single property into multiple separately transferable lots or condominium units, as well as other potential economic benefits.
4. DIRECT that the report includes recommendations to exclude projects exemptions, reductions, credits, deferrals, proportional fee structures, or other modifications that involve demolition or alteration of housing units subject to an affordability covenant, the City's Rent Stabilization Ordinance, or that have been occupied by tenants within the past 5 years. As well as exclude projects that are on parcels where an Ellis Act withdrawal of units has occurred within 15 years of the application.

Fiscal Impact Statement: Neither the CAO nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted

Summary:

On October 7, 2026, your Housing Committee considered an September 18, 2026 Motion (Yaroslavsky, Nazarian – Harris-Dawson) relative to establishing a fee deferral program that allows developers to pay impact fees at a later date instead of requiring upfront payment at building permit issuance. According to the Motion, the steep decline in for-sale condominium development exists because rental housing is significantly cheaper, faster, and less risky to build due to structural market advantages. For example, rental developments pay roughly 300 to 400 percent less in commercial general liability insurance premiums. Additionally, and under the City's purview, are standing impact fees, such as the Affordable Housing Linkage Fee, Quimby/Park Fees, and Subdivision Mapping Fees, exacerbate this cost gap by adding tens of thousands of dollars per unit in upfront expenses, further disincentivizing for-sale housing production. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion recommendations as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Housing Committee

COUNCILMEMBER	VOTE
PADILLA:	YES
JURADO:	YES
PARK:	YES

RM

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-NOT OFFICIAL UNTIL COUNCIL ACTS-