



American Planning Association
California Chapter

Creating Great Communities



May 7, 2021

The Honorable Lorena Gonzalez
Chair, Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814

**RE: Assembly Bill 602 (Grayson): Development Fees - Impact Fee Nexus Study
As amended May 4, 2021 – OPPOSE UNLESS AMENDED
Set for hearing in Assembly Appropriations – May 12, 2021**

Dear Assemblymember Gonzalez:

The California State Association of Counties (CSAC), the League of California Cities (Cal Cities), the Urban Counties of California (UCC), the California Chapter of the American Planning Association (APA California), and the Rural County Representatives of California (RCRC) have taken an oppose unless amended position on AB 602 by Assemblymember Grayson, which would make significant changes to laws governing local development impact fee programs and create new state and local costs.

While there has been significant progress on amendments to address our concerns, there are unfortunately a few remaining issues for our organizations, both of which will create additional costs for the state and local agencies. We are also opposed to development of a nexus fee template by the Housing Community Development Department (HCD). While HCD has extensive experience in funding housing, and has occasionally provided grant funding to support infrastructure improvements on a project-by-project basis, the Department does not have expertise related to planning, building and funding infrastructure at a community scale. Moreover, we note that the bill does not explicitly require the Department to consult with entities that have such experience. We also note that the Mitigation Fee Act extends beyond residential projects, to include commercial and industrial developments, which have very different infrastructure impacts and needs.

We have instead proposed creating a clearinghouse through the Office of Planning and Research for nexus studies. This would allow local agencies to learn from peers with similar infrastructure needs (e.g. greenfield versus infill, rural versus urban, etc.) and provide an opportunity for interested parties in the development community, public works officials, and academic researchers to analyze trends and recommend changes in public policy.

Finally, we oppose the requirement for capital improvement planning, although it is now limited to jurisdictions as defined by Health and Safety Code Section 53559.1. Much of the same additional informational value offered by the capital improvement planning process would be encompassed in a well-designed nexus study, especially if many of the other changes to nexus studies envisioned by AB 602 are enacted. We note that the study prepared pursuant to AB 879 (Grayson, 2018) identified more rigorous capital improvement planning as a best practice, but included the caveat that the state should consider additional financial support to local agencies to support this heightened workload. This requirement would create additional costs for local agencies, which would most likely be passed on to development proponents in the form of higher fees.

Our organizations look forward to continuing our work with the author, the Local Government Committee, the Assembly Housing and Community Development Committee, and other stakeholders to improve California development impact fee programs while protecting public infrastructure needed by constituents who will live in new developments. For these reasons, we have taken an “oppose unless amended” position on AB 602. If you need additional information, please contact Chris Lee (CSAC) at clee@counties.org, Jean Hurst (UCC) at jkh@hbeadvocacy.com, Lauren de Valencia y Sanchez (APA California) at lauren@stefangeorge.com, Jason Rhine (Cal Cities) at jrhine@cacities.org, or Tracy Rhine (RCRC) at trhine@rcrcnet.org.

Sincerely,



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CSAC



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cc: The Honorable Tim Grayson, Member, California State Assembly
Honorable Members, Assembly Appropriations Committee
Jennifer Swenson, Consultant, Assembly Appropriations Committee
William Weber, Assembly Republican Caucus