



June 8, 2026

The Honorable Sharon Quirk-Silva
Chair, Assembly Budget Subcommittee 5
on State Administration
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable Melissa Hurtado
Chair, Senate Budget and Fiscal Review
Subcommittee 4 on State Administration
and General Government
1020 N Street, Room 502
Sacramento, CA 95814

RE: Development Impact Fee Trailer Bill – CONCERNS

Dear Assemblymember Quirk-Silva and Senator Hurtado,

On behalf of the Urban Counties of California (UCC), American Planning Association California Chapter (APA-CA), and the Rural County Representatives of California (RCRC) we write to share our significant concerns with the Governor’s proposed trailer bill concerning development impact fees and other charges that are lawfully imposed by local governments on development projects. While impact fees are too often mischaracterized as a revenue generation tool for local governments, these fees are subject to strict constitutional and statutory limitations which ensure that the fees are applied uniformly to proposed development projects and are narrowly tailored to offset the costs of public infrastructure necessary to support development projects. In the case of residential developments, impact fees support needed infrastructure improvements that directly benefit the future residents of new homes.

There is a precedent for treating the deferral or waiver of impact fees as local government matching funds for competitive housing programs, including the Low Income Housing Tax Credit Program, however, we are concerned that the trailer bill will systematically disadvantage local governments that cannot afford to offset impact fees when sponsoring or co-sponsoring affordable housing project applications. We also have technical concerns that the trailer bill broadly mischaracterizes a variety of taxes, fees, and charges as “impact fees,” impractically requires the waiver of Mello Roos-related special taxes, and is duplicative of existing law as to the applicability of in-lieu affordable housing fees to affordable housing projects.

Fee Waiver Requirement for Local Government Applicants/Co-Applicants

We are most concerned with the unintended impacts of proposed Health and Safety Code Section 51061. Local governments cannot arbitrarily waive generally applicable

development impacts fees for projects where they are applicants or co-applicants for state affordable housing funding. Under the framework proposed by the trailer bill and in compliance with existing law, counties would be required to backfill any waived fees imposed on such a project. From a practical perspective, this will often result in a substitution of one form of subsidy (the impact fee waiver) for other local government matching funds in support of a high-priority project, providing no net fiscal benefit for the project. For local governments where infrastructure needs to support new housing are particularly acute, including the unincorporated areas of many counties, or which lack the fiscal capacity to provide such a substantial subsidy for a project, the trailer bill could limit or disincentivize applications for sorely needed affordable housing projects. We fear that this provision will be most burdensome in disadvantaged communities with weak real estate markets, limited existing urban infrastructure, and the greatest need for state investment in affordable housing. We encourage the Legislature to strike this section.

Trailer Bill Inappropriately Applies to Non-Impact Fee Charges

The broad applicability of the trailer bill's provisions to local taxes, fees, and charges on residential development projects creates both policy concerns and a need for definitional clarity. In the case of special taxes imposed pursuant to the Mello-Roos Community Facilities Act, the waiver or reduction of the tax is impractical or impossible due to the ongoing nature of these charges and the fact that such taxes can support both one-time infrastructure improvements, as well as the maintenance and operation of both facilities and local government services. This limitation is particularly unworkable when an affordable housing project is being constructed within an existing community facilities district. Furthermore, sometimes impact fees and Mello-Roos fees are collected to back debt service on a locally issued general obligation financing bond. At minimum, the trailer bill's language must exempt monies pledged to debt service as it is legally impossible to waive those assessments.

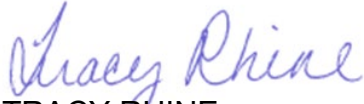
For in-lieu affordable housing fees, it is unclear why an affordable housing project would be subject to such a fee and why this provision of the bill is necessary. Recent legislation removed any doubt on this point (Chapter 346, Statutes of 2021).

Finally, for definitional clarity and to avoid confusion as to the statutory authorization for each type of tax, fee, or charge, the bill should use terminology that accurately describes the various items to which it applies to rather than mischaracterizing each of them as "development impact fees."

In conclusion, counties recognize the need for all levels of government to work together to advance affordable housing projects in a cost-effective and efficient manner. We do not object to including incentives for fee waivers and deferrals in competitive state affordable housing programs but encourage the Legislature to do so carefully and in a manner that does not have unintended consequences, particularly the limitation of applications from communities with the greatest need for affordable housing development and supporting infrastructure improvements.

Thank you for your consideration of our concerns. Please contact us with any questions about our position.

Sincerely,



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