



American Planning Association
California Chapter

Creating Great Communities



July 11, 2021

The Honorable Anthony Portantino
Chair, Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

**RE: Assembly Bill 602 (Grayson): Development Fees - Impact Fee Nexus Study
As amended July 5, 2021 – OPPOSE UNLESS AMENDED
Referred to the Senate Appropriations Committee**

Dear Senator Portantino:

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 Assembly Bill 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 progress with amendments to address our prior concerns, there are unfortunately two remaining issues for our organizations, both of which will create additional costs for the state and local agencies. Specifically, we are opposed to development of a nexus fee template by the Housing and 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.

As an alternative to the HCD template we have 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 “large jurisdictions” as defined by Health and Safety Code Section 53559.1—that is, any county with a population of at least 250,000 or any city located therein, regardless of population. 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 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 appreciate the work undertaken to-date with the author, committee staff, and other stakeholders to improve the bill, but have taken an “oppose unless amended” position based on the outstanding issues described above. If you need additional information about our position on AB 602, 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,



Christopher Lee
CSAC



Jean Kinney Hurst
UCC



Jason Rhine
Cal Cities



Eric Phillips
APA California



Tracy Rhine
RCRC

cc: The Honorable Tim Grayson, Member, California State Assembly
Honorable Members, Senate Appropriations Committee
Mark McKenzie, Staff Director, Senate Appropriations Committee
Ted Morley, Consultant, Senate Republican Caucus