

City of Live Oak
Press Release
AB1600 Fees (Developer Fees)
February 3, 2021

At its regular City Council meeting on February 3, 2021, the Live Oak City Council will hear an agenda item concerning its “AB 1600” impact fees. For this agenda item, the City Council will receive a financial summary concerning these fees and will consider adopting findings to retain impact-fee revenues the City has held for more than five years.

The City collects a number of impact fees from developers of residential and non-residential projects. The purpose of these fees is to mitigate the impacts of proposed development on the services the City provides, such as parks, roads, public facilities, and public safety. Generally, impact fees are imposed to fund the costs of capital improvements, such as new parks, public buildings, police stations, or fire stations.

By law, cities must justify the impact fees they charge based on “nexus” or “AB 1600” studies. The latter refers to the legislation that enacted a law known as the Mitigation Fee Act, the comprehensive statute that governs the substantive and procedural requirements for imposing impact fees. Under this statute, nexus studies are undertaken to ensure compliance with the legal requirement that new development be charged only in proportion to the impacts its approval would create. Nexus studies must identify the capital projects the impact fees are intended to fund.

When impact-fee funds collected from development projects have been held for five or more years, the City must make certain findings to continue holding on to the funds. Cities must find that the projects for which the funds will continue to be held have not been completed and that the fees will still be used to finance those projects. If a City does not make these findings, it must refund the funds aging beyond five years to the current owners of the developed properties for which the impact fees were collected.

It is important to emphasize that the agenda item to be considered on February 3 involves impact fees, not other funding mechanisms. By law, the City cannot take the same actions for other funding mechanisms, such as general taxes, special taxes, assessments, and “Mello Roos” taxes.

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