



Thursday, May 27, 2010 3:17:14 PM

## NEWSOM SIGNS JOB-CREATING ECONOMIC STIMULUS LEGISLATION AND ANNOUNCES NEW DEVELOPMENT INITIATIVES

May 27, 2010

California Political Desk

San Francisco, CA— Mayor Gavin Newsom signed legislation to stimulate development and generate much-needed construction jobs and General Fund revenues. The Development Impact Fee Reform & Deferral Program is a 2-part impact fee reform legislation re-designing how and when development impact fees are paid.

"The fee deferment legislation will radically simplify the collection, enforcement and notice procedures for all city development impact fees," said Mayor Newsom. "Deferring upfront costs for developers will speed local economic recovery, generating construction jobs and general fund revenues."

The legislation would infuse a cumulative total of \$894 million in spending and almost 4,800 construction-related jobs into the local economy. Furthermore, if start dates are accelerated by two years, the City would receive over \$22M of additional General Fund property tax revenues that would otherwise be lost due to later start-times and lower property values.

The Development Impact Fee Reform & Deferral Program allows developers to defer payment of 80% of their impact fees from the beginning of construction to just prior to completion, between 10-30 months. The fee deferment decreases the amount of up-front costs to be financed through debt or equity, and in turn reduces the amount of interest paid over the construction period.

The legislation also includes good government measures to streamline impact fee collection and enforcement, create a "one-stop" fee payment shop in the City's Department of Building Inspection (DBI) and improve public notice and transparency.

An independent study commissioned by the San Francisco Office of Economic and Workforce Development (OEWD) concluded that the combined economic benefits of the Fee Deferral Program and the Affordable Housing Transfer Fee program (pending at the Board), would result in the following benefits:

Accelerating estimated construction start dates by 6 to 30 months.

Decreasing construction interest carrying costs by 8% to 22%.

Decreasing avg. price/rents needed to attract equity and financing.

The Mayor also announced the introduction of the next phase of stimulus legislation to form a Citywide Mello-Roos Community Facilities District (CFD) to finance Infrastructure Impact Fees. The legislation would reduce the upfront costs of new development by allowing developers to finance infrastructure-related development impact fees with tax-exempt bonds. It would also streamline the process for annexing into a Citywide CFD. Joining a CFD allows developers to spread the cost of infrastructure over the life of their project, thereby removing these costs from up-front private financing and improving each project's access to equity.

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