

Panel recommends city holds line on housing fees

Building fee comparison

Development type	Proposed city fee	County fee
Single-family homes and condominiums	\$2.20	\$4.75 - \$5.75
Multi-family homes	\$3.75	\$4.50
Office	\$1.00	\$2.00
Retail	\$.80	\$2.00
Hotel	\$1.40	\$3.00
Warehouse	\$.50	\$.80 - \$1.00

Source: Napa City and Napa County

Kelly Doreni/Register

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City fees to build a house in Napa had threatened to go up by thousands of dollars, but it appears they will remain unchanged for now because of protests from developers, Realtors and other stakeholders.

The city completed a study late last year assessing the impact new development has on the need for affordable housing. The report recommended the city impose a “very high per-square-foot fee” on commercial and residential development.

When developers learned of the recommendations, they argued that the higher fees would halt new construction.

Based on this sharp feedback from the private sector, city staff proposed to keep the fees at current levels for the time being. On Thursday, the Napa Planning Commission unanimously supported this recommendation to the City Council.

“I think it’s nice to see the government officials listened to us and realized they were overstepping their bounds” with the original suggested fees, said Randy Gularte, a local Realtor and developer.

The study was prompted by changes to California law requiring the city to base its fees on a nexus study that measures the impact new development has on the need for affordable housing, said city housing manager Lark Ferrell. Impact fees must be charged per square foot of development and may not exceed the impact determined in the nexus study.

Currently, multi-family home developers are required to include affordable housing on site, while commercial developers pay an in-lieu fee. Developers of single-family homes may either pay the fee or provide units on-site that are affordable to low- and very-low-income households.

In Napa, a family of four making \$51,660 or less annually is considered low-income. One making less than \$43,050 is considered very low-income.

The idea behind affordable housing fees is that new development results in more jobs, most of which do not pay employees enough to live within Napa County without assistance, Ferrell said. The fees are intended to bridge the gap between what the employees can pay and what it costs to live in the city.

The nexus study recommended a per-square-foot fee increase from 80 cents to \$9.41 for retail and an increase from \$1.40 to \$7.32 for hotels.

The affordable housing fee associated with developing a 2,100-square-foot single-family home would remain \$4,620. If the study’s recommendation had been adopted, the housing impact fee would have increased to \$20,580.

If the city does not recover the full impact of development on housing, it can look to other funding sources to help pay for affordable housing projects, Ferrell said.

The proposed fees are lower or equivalent to the fees charged by neighboring jurisdictions. All proposed impact fees are lower than those charged to develop in the county, which bases its fees on a 2009 nexus study, said Larry Florin, director of Housing and Intergovernmental Affairs for the county.

Beginning next year, the county will phase in affordable housing impact fees increases on residential development, Florin said. The fees will gradually rise from between \$4.75 and \$5.75 a square foot to \$10 per square foot.

Though city staff is not recommending a fee increase, staff does recommend the city replace its current inclusionary ordinance with a per-square-foot fee system. Under the proposed ordinance, all developers would pay a fee. Multi-family developers would no longer be required to include affordable units in their developments.

Any developer could submit an alternate proposal to the city, requesting to build units on site in place of paying the fee.

Developers would need to pay the fees to receive their building permits. The city would use the money to develop or assist in the development of affordable housing. This year, the council approved two affordable housing developments that will use city- and county-collected fees. A third project, Alexander Crossing, was up for consideration at Tuesday night's City Council meeting.

Over the next six months, a new task force created by the city and county will evaluate the most efficient and effective ways to provide housing in the county and to identify ways to provide ongoing funding. They will look at the need for such housing and where it could be built.

"We need to talk about affordable housing as a community problem," Gularte, who is on the task force, said. "It's a community problem, the community needs to pay for it, not just one segment of the community (developers)."

Ferrell said it's possible the task force could recommend higher impact fees in the future. Any changes to fees and the ordinance would need to be approved by the City Council.

If the city were to increase fees, it would provide ample notice so developers were not blindsided during project planning, said Community Development Director Cassandra Walker.

This story has been modified since first posting. The original story misstated the impact of the current housing fee on the total fees assessed by the city on a 2,100-square-foot house.

[Top of Page](#) [Home](#) [Full Site](#)

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