



Agenda Item No: 2.a

## PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: February 3, 2026

Submitted by: Joe Lambert

From: Development Services

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**Subject:**

**CONSIDERATION OF THE ADOPTION OF A DEVELOPMENT IMPACT FEE NEXUS STUDY AND ADOPTION OF APPLICABLE RESOLUTION(S) AND/OR APPLICABLE ORDINANCE(S) AMENDING VARIOUS CITY DEVELOPMENT IMPACT FEES. THE PROPOSED ACTION INCLUDES ADOPTION OF NEW CITY FACILITIES FEES, AND AMENDED FEES FOR OTHER CITYWIDE DEVELOPMENT IMPACT FEES, TRANSIT ORIENTED DEVELOPMENT AREA (TOD) DEVELOPMENT IMPACT FEES, AND AFFORDABLE HOUSING FEES**

**Financial Impact:**

**Fiscal Impact:**

Development Impact Fees are established for cost recovery or statutory purposes only. There is no immediate fiscal impact associated with the recommended actions. The adoption of revised development impact fees, new City Facilities Fees and residential affordable housing impact fees will not have an immediate impact on revenues to the City until effective 60 days subsequent to adoption. This agenda item adjusts or establishes impact fees commensurate with a Development Impact Fee Nexus Study prepared for City Council consideration.

**Summary:**

The City's Development Impact Fees program ("DIF") was first established in the early 1970's when much of the City was undeveloped. The City's costs for infrastructure have significantly increased over that period of time; however, the City's DIFs were not updated regularly to adequately cover said infrastructure costs, thus requiring the General Fund to subsidize infrastructure improvements or, in some cases, the improvements that are not conducted by a developer. In addition, in April 2017, the City Council approved the Transit-Oriented Development ("TOD") Packinghouse District Plan which results in impacts to City services that the new development will create and identifies mitigation measures and costs associated with mitigating those impacts. Furthermore, since the inception of the DIF program, the City's Housing Element outlines numerous additional goals and policies, including goals and policies that provide more affordable housing opportunities to its residents.

In 2017, to address the aforementioned lack of infrastructure funding citywide, within the TOD District, and lack of funds related to implementing the required Housing Element citywide, the City prepared new development impact fee nexus studies ("Studies") for the purpose of updating DIFs. The result was an update to the existing citywide DIF program, creating a TOD

DIF program, and creating a Housing Impact Fee program (collectively, “DIFs”). The studies analyzed the impacts created by new development on City operations and infrastructure needs and calculated the cost and method of apportionment of those fees and impacts across needed mitigation measures. Those fees are then utilized to construct improvements throughout the City to mitigate development impacts on the community. The affordable housing fee was created for the purpose of collecting new developer-paid housing impact fees to be used to provide additional affordable housing opportunities in the community. Collectively, the DIF program that is currently in place was adopted by City Council in October 2017, implemented by Ordinance Nos. O-2017-09 (TOD DIFs), O-2017-10 (Citywide DIFs), O-2017-11 (Housing Impact Fee) and became effective in December 2017.

In 2023, City Council adopted an update to the DIF program, largely resulting in adjustments to the 2017 DIFs, increasing each fee by Construction Cost Index (“CCI”) as recommended by the three 2017 studies. In addition to the routine adjustment pursuant to CCI, two specific fees were updated commensurate with actual costs in 2023. Those fees that were updated beyond CCI are the Public Safety Impact Fee (now known as Fire, Police Animal Shelter fees) and TOD Sewer Impact Fee. These specific fees were updated beyond CCI because the City performed the “City of Placentia Development Impact Fee Nexus Study” dated April 2023.

In 2024, as part of the annual DIF update, City Council directed staff to prepare a new Development Impact Fee Nexus Study Report to update both Citywide Development Impact Fees and Transit Oriented Development (TOD) Impact Fees, with an annual cost increase metric that most closely reflects the current cost indices average for cost trends for specific construction trade labor and materials in the current construction environment.

### **Recommendation:**

Recommended Action: It is recommended that the City Council:

1. Open the Public Hearing regarding consideration of the adoption of a Development Impact Fee Nexus Study and adoption of applicable Resolution(s) and/or applicable Ordinance(s) amending various City Development Impact Fees, including adoption of new City Facilities Fees, and amended fees for other Citywide Development Impact Fees, Transit Oriented Development Area (TOD) Development Impact Fees, and Affordable Housing Fees; and
2. Receive the Staff report, consider all public testimony, ask questions of Staff; and
3. Continue the public hearing to the regular City Council meeting of March 3, 2026.

### **Strategic Plan Statement:**

This item is consistent with the City Council approved Five-Year Strategic Goal to Keep Development Impact Fees current and updated to facilitate cost recovery by requiring new development to pay a fair share of costs for City facilities, as Objective Number 1.3 is to Update Fee Study/Cost Allocation. In addition, this action is consistent with Objective Number 3.12 to secure funding for affordable housing as the Citywide Residential Affordable Housing Impact Fees will be increasing commensurate with a Development Impact Fee Nexus Study prepared for City Council consideration.

### **Discussion:**

Staff recommends that City Council continue the public hearing to the regular City Council meeting of March 3, 2026. This will allow Staff time to further analyze the Development Impact Fee Nexus Study prepared by the City's consultant, DTA, and prepare proper recommendations to City Council prior to adoption.

**Fiscal Impact Summary:**

There is no immediate fiscal impact associated with the recommended actions. DIFs are a commonly used cost recovery method of collecting a proportional share of funds from new development for infrastructure improvements and/or other public facilities capital improvements that would be needed as a result of the new development. These fees are seen as paying for necessary infrastructure costs as opposed to the General Fund and are therefore seen as a method of cost recovery. The adoption of amended citywide and TOD Development Impact Fees, Residential Affordable Housing Impact Fees and new City Facilities Fees will not have an immediate impact on revenues to the City until effective 60 days subsequent to adoption.