



City Council Staff Report

Subject: Adoption of Policy Implementing SB 937 Fee Deferral Requirements

Date: August 26, 2025

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Department: Community Development

Recommendation:

Adopt a Resolution of the City Council of the City of Rocklin Adopting a Policy for Implementation of SB 937 and Authorizing the City Manager to Develop a Program Consistent with the Requirements of SB 937, Update Processes, and Take All Other Actions Necessary to be Compliant with the Requirements of SB 937.

Background:

State law authorizes the City of Rocklin (City) to collect development impact fees from new development projects. The City administers several development impact fee programs that fund new development's share of certain capital infrastructure projects, such as for transportation, parks, drainage, etc. The California Mitigation Fee Act regulates the development impact fees that local agencies impose.

On September 19, 2024, Governor Newsom signed Senate Bill (SB) 937 into law; its provisions took effect January 1, 2025. SB 937 amends section 66007 of the California Government Code to require payment of development impact fees for residential development at the time of the final inspection or issuance of the certificate of occupancy. The City's current practice is to collect development impact fees at the time of building permit payment and issuance, unless the project is a qualifying affordable housing project and has entered into a fee deferral agreement.

To be compliant with the requirements of SB 937, several chapters of the Rocklin Municipal Code (RMC) relating to development impact fees need to be updated. Staff will bring the appropriate changes to the RMC to the City Council for consideration at a future meeting.

The Policy for Implementation of SB 937 is attached to the proposed resolution as Exhibit A (Attachment 2). The Policy provides a framework to implement SB 937, and includes the following provisions:

- For a project considered a “designated residential development project,” fees shall generally be due prior to the issuance of the certificate of occupancy or temporary certificate of occupancy, whichever occurs first for each residential unit, or for the first unit in a development, unless the designated residential development project will be built in phases. If built in phases, the City Manager may allow the payment of deferred fees to be due on the final inspection or certificate of occupancy (whichever is sooner) of the first permit in each phase. The fees shall be those in effect as of the date of the building permit issuance. The City is not permitted to charge interest or other fees for the deferral.
- When fees for designated residential development projects are deferred pursuant to SB 937, the building permit applicant shall execute a fee deferral agreement in substantially the same form as attached to the Policy. The agreement shall constitute a lien at the time of building permit issuance until payment of the fees or charges has been made. If the City is prohibited from making the agreement a lien for certain housing projects that are 100% affordable to lower income households, the City Manager may require a deed of trust or similar method to secure payment of the deferred fees.
- The City will not accept partial payments.
- For a mixed-use development, which includes both residential and non-residential development, a fee deferral agreement may be executed, which would align the fee payment due date of the non-residential portion with the due date of the residential portion, and which applies all other applicable provisions of the Policy.

Fiscal Impact:

SB 937 will impact the timing of when the City receives individual impact fee program funds as the impact fees will be collected at the time of the final inspection or issuance of the certificate of occupancy, rather than at payment and issuance of the building permit, as has traditionally been done. This delay could affect the delivery of capital improvement projects, as these impact fee programs are an important funding source for those projects. Staff will monitor these changes and potential impacts to delivery of City-constructed projects.

ATTACHMENTS:

1. [Resolution](#)
2. [Resolution Exhibit A - Policy for Implementation of SB 937](#)