



January 28, 2016

CS NEWSFLASH:

NEW DEVELOPER FEE RATES APPROVED

On Wednesday, January 27, 2016, the State Allocation Board ("SAB") approved a 1.05% increase to Level 1 Fees. Effective immediately, the new rates are:

- **\$3.39 per square foot for residential development for a unified school district (this rate was previously \$3.36)**
- **\$0.55 per square foot for commercial/industrial development for a unified school district (this rate was previously \$0.54)**

The amount of the increase was less than many had anticipated given the construction activity seen in California and the increasing costs of constructing schools seen over the last two (2) years. In making the adjustment to the developer fee amount, the SAB utilized the RS Means Construction Cost Index for the first time instead of the Marshall and Swift Index due to Marshall and Swift no longer making their information available to the SAB.

The new rates can be imposed by school districts after completing developer fee justification studies ("Fee Studies") and following the required legal procedures. The timeline below outlines the general process for increasing impact fees charged on new development.



While considering whether to update your Fee Studies, a good practice is to ensure that your Annual and Five-Year Reports have been completed and meet all of the necessary requirements. Failure to complete these reports can result in significant monetary penalties. A recent case resulted in a California city being ordered to refund over \$10 million in developer fees because of a failure to meet reporting requirements. School districts should take care to ensure their developer fee practices meet all legal requirements in order to avoid potential litigation.

If you have any questions regarding Fee Studies or Annual and Five-Year Reports, please do not hesitate to contact us at 949.250.8320 or info@coopstrategies.com.

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