



CITY OF
EL SEGUNDO

Building Permit Fee and Development Impact Fee Deferral Program

City Council Meeting

May 6, 2025

Current Economic Conditions

- Economic Uncertainty
- High lending costs
- Inflation and rising construction costs
- Supply chain disruptions
- Regulatory and Tax Burdens

Background

- Development Impact Fee (DIF) Implementation - approved by City Council on June 21, 2022
- January 2025 - amendment to Cultural Development Program to allow deferred fees.
- February 2025 – amendment to Development Impact Fee payment to permit deferred payment for housing projects.
- February 2025 – City Council authorization to proceed with building permit fee deferral program.

Building Permit Fees

- One-time charges for new developments or tenant improvements, covering;
 - Staff time for permit review, processing, inspections;
 - Maintenance of infrastructure (e.g., online systems, land use regulations). Includes state-mandated fees for seismic safety and ADA compliance.

Development Impact Fees (DIFs)

- One-time charges designed to fund infrastructure and service improvements to address increased demand from new developments (e.g., streets, sewer, parks, public safety).

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 - Staff time for permit review, processing, inspections;
 - Maintenance of infrastructure (e.g., online systems, land use regulations). Includes state-mandated fees for seismic safety and ADA compliance.

Development Impact Fees (DIFs)

- One-time charges designed to fund infrastructure and service improvements to address increased demand from new developments (e.g., streets, sewer, parks, public safety).

Current Fee Structure

ESMC15-32-6 stipulates that all DIFs be collected prior to approval of a tentative or final subdivision map, parcel map, grading permit, building permit, final inspection, or certificate of occupancy.

No established policy or resolution differentiating when other building permit fees can be collected.

Modifications to the DIF Fee Structure

- D. The director of community development or the director of public works will collect impact fees at the following times, except as otherwise specified in Government Code section 66007:
1. Unless authorized under separate agreement or condition of approval, impact fees for any nonresidential development will be collected at the time the City issues a ~~grading permit, building permit, final inspection, or certificate of occupancy, whichever occurs first.~~
 2. Under separate agreement or condition of approval, Fees for residential development will be collected at the time the City approves a final inspection or issues a certificate of occupancy for each dwelling unit in the development.
 3. Under separate agreement or condition of approval, fees for non-residential development will be collected at the time the City approves a final inspection or issues a certificate of occupancy.
 4. Notwithstanding (1), and (2), and (3) above, utility service connection fees will be collected at the time an application for service is received.

Modifications to the Permit Issuance Fee Structure

SECTION 2: *Actions.* The City Council:

- A. Authorizes the Community Development Director to execute a Deferred Building Permit and Development Impact Fee Agreement, in a form approved by the City Attorney or designee in accordance with the Program; and
- B. Authorizes the deferral of building permit issuance fees that are not directly tied to immediate City services or staff processing time and development impact fees that are typically associated with future ongoing post-construction costs, to be paid prior to final inspection or the issuance of a Certificate of Occupancy; and
- C. Updates all applicable City policies and procedures to reflect the revised fee collection deadlines as set forth in the associated ordinance and this Resolution.

Reasons to Offer Deferred Fees



Support and encourage development



Improve their cash flow during the construction phase



City delivers solution-oriented customer service



Attract and facilitate new businesses



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Questions?