



## FACT SHEET FOR [AB 3144](#) TO REDUCE THE COST OF AFFORDABLE HOUSING THROUGH IMPACT FEE WAIVERS

**Problem:** According to the [California Housing Partnership](#), more than 1.4 million California households are in need of affordable housing.<sup>1</sup> California's production of new affordable rental homes has generally not exceeded 10,000 in any year due to a combination of factors. An important factor inhibiting increased production is the high impact fees local governments charge all new development to address infrastructure needs. The Turner Center at UC Berkeley has found that California's fees are especially high and can exceed \$150,000 per unit, not including utility fees.<sup>2</sup> A [2014 California Affordable Housing Cost Study](#) found that development impact fees and lesser permitting fees represent on average 6% of the total cost, net of land, of an affordable housing development. These impact fees are particularly problematic for the builders of affordable homes as they significantly increase the need for scarce public funds, money that could otherwise fund the development of additional affordable homes.

**Solution:** [AB 3144](#) encourages cities and counties to waive or reduce impact fees for affordable rental housing developments by creating the Housing Cost Reduction Incentive Program to reimburse them 50% of the value of fee waivers or reductions granted. This bill will significantly reduce the cost of development and allow for available subsidies to support increased production of affordable rental homes. By providing local governments with access to an incentive pool, the state can accelerate the adoption of local impact fee waiver and reduction programs enabling the production of more lower-cost affordable homes. In the event that incentive claims exceed appropriations in any given year, awards to cities and counties would be pro-rated.

**Sponsor:** The California Housing Partnership

---

<sup>1</sup> [California's Housing Emergency Update](#), March 2019, California Housing Partnership.

<sup>2</sup> [Residential Impact Fees in California](#), August 7, 2019, Turner Center

**SAN FRANCISCO**  
369 Pine Street  
Suite 300  
San Francisco, CA 94104  
Tel: (415) 433-6804  
Fax: (415) 433-6805

**LOS ANGELES**  
600 Wilshire Blvd.  
Suite 890  
Los Angeles, CA 90017  
Tel: (213) 892-8775  
Fax: (213) 892-8776

**SACRAMENTO REGION**  
3329 Grimshaw Way  
Elk Grove, CA 95758  
Tel: (916) 683-1180  
Fax: (916) 682-1194

**SAN DIEGO**  
4231 Balboa Avenue  
Suite 1018  
San Diego, CA 92117  
Tel: (858) 617-0579

**SANTA BARBARA**  
126 East Haley St.  
Suite A17  
Santa Barbara, CA 93101  
Tel: (805) 914-5401