
UNFINISHED BUSINESS

Bill No: SB 499
Author: Stern (D)
Amended: 8/20/25 in Assembly
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 6-1, 5/7/25
AYES: Durazo, Choi, Arreguín, Cabaldon, Laird, Seyarto
NOES: Wiener

SENATE FLOOR: 29-1, 5/28/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon,
Caballero, Choi, Cortese, Durazo, Gonzalez, Grove, Hurtado, Laird, Limón,
McGuire, McNerney, Niello, Padilla, Pérez, Richardson, Rubio, Seyarto,
Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson
NOES: Wiener
NO VOTE RECORDED: Alvarado-Gil, Cervantes, Dahle, Grayson, Jones,
Menjivar, Ochoa Bogh, Reyes, Strickland, Valladares

ASSEMBLY FLOOR: 46-12, 9/3/25 - See last page for vote

SUBJECT: Residential projects: fees and charges

SOURCE: California Association of Recreation & Park Districts

DIGEST: This bill allows local agencies to collect impact fees for parks earlier than certificate of occupancy if they are identified in its safety element, or, for the next five years, its local hazard mitigation plan.

Assembly Amendments make technical and clarifying changes.

ANALYSIS:

Existing law:

- 1) Allows local governments to require applicants for development projects to pay fees to mitigate the project's effects, known as mitigation or development impact fees.
- 2) Requires, under the Mitigation Fee Act, local officials that are establishing, increasing, or imposing a fee as a condition of approving a development project to:
 - a) Identify the fee's purpose.
 - b) Identify the fee's use, including the public facilities to be financed.
 - c) Determine a reasonable relationship between the fee's use and the development.
 - d) Determine a reasonable relationship between the public facility's need and the development.
 - e) Determine a reasonable relationship between the fee's amount and the cost of the public facility.
 - f) Hold at least one open and public meeting prior to levying a new fee or increasing an existing one.
 - g) If they decide to adopt capital improvement plans, indicate the approximate location, size, time of availability, and estimates of cost for all facilities or improvements to be financed with the fees.
 - h) Deposit and spend the fees within five years of collecting them.
 - i) Refund fees or make specific findings on when and how the fees will be spent for construction, if the fees aren't spent within five years of collection.
- 3) Requires local agencies to deposit mitigation fees to fund a capital improvement associated with a development in a separate account or fund.
- 4) Requires local agencies to conduct and adopt a nexus study prior to the adoption of an impact fee, and specified standards and practices.

- 5) Provides that cities and counties cannot collect impact fees before they conduct the final inspection or issue a certificate of occupancy, whichever occurs first. However, utilities can collect impact fees at the time the utility receives an application for service, which can happen before a final inspection.
- 6) Allows local agencies to require payment earlier than described above if it has adopted a proposed construction schedule or to reimburse the local agency for expenditures already made, so long as the project does not come from a nonprofit developer that reserves at least 49% of units for lower income households. Cities and counties can require performance bonds or letters of credits to guarantee these specific payments.
- 7) Provides, for designated residential development projects, that if a local agency imposes any fees or charges on the housing development for the construction of public improvements or facilities, then all of the following conditions apply:
 - a) Prohibits the local agency from requiring the payment of those fees or charges until the date the first certificate of occupancy or temporary certificate of occupancy is issued, whichever occurs first. However, this does not apply if construction on the residential development does not begin within five years of the date the local agency issues the building permit.
 - b) Requires the amount of fees and charges to be the same amount as would have been paid had they been paid prior to the issuance of building permits. Prohibits the local agency from charging interest or other fees on any deferred amount.
- 8) Limits when local agencies can collect fees earlier than final inspection or certificate of occupancy for designated housing development projects:
 - a) Instead of any fees or charges to reimburse the local agency for expenditures previously made, they can only collect earlier for those expenditures previously made provided the local agency has not been paid or reimbursed by another party.
 - b) The local agency can collect earlier if they establish a separate account and the fees or charges are for:
 - i) Public improvements related to providing water, sewer, wastewater, fire, public safety, or emergency services to the residential development.

- ii) Roads, sidewalks, or other public improvements or facilities for the transportation of people that serve the development, including the acquisition of all property, easements, and rights-of-way that may be required to carry out the improvements or facilities.
 - iii) Construction and rehabilitation of school facilities, if a school district has a five-year plan as specified.
- 9) Defines “designated residential development project” as specified streamlined and affordable housing projects, as well as all projects ten units or less.

This bill:

- 1) Allows a local agency to require payment of impact fees for designated residential development projects earlier than certificate of occupancy for parkland and recreational facilities when identified in its safety element or local hazard mitigation plan provided they are identified for an emergency purpose beyond general recreational or aesthetic use.
- 2) Makes clarifying changes to include “charges” in the types of utility levies that can be collected earlier than certificate of occupancy.

Background

A series of propositions have drastically cut into local revenue sources, requiring local governments to look elsewhere to fund services that the public demands. First, Proposition 13 (1978) capped property tax rates at 1% of assessed value (which only changes upon new construction or when ownership changes) and required 2/3 voter approval for special taxes. As a result local governments turned to general taxes to avoid the higher voter threshold. When Proposition 62 (1986) required majority voter approval of general taxes, local agencies imposed assessments that were more closely tied to the benefit that an individual property owner receives. Subsequently, Proposition 218 (1996) required voter approval of parcel taxes, assessments, and property-related fees. Since they cannot impose broad-based taxes without great difficulty, cities and counties follow a simple principle: new developments should pay for the impacts they have on the community and the burden they impose on public services.

Comments

- 1) *Purpose of this bill.* According to the author, “In its rebuilding and future development, California must carefully plan with urban fire mitigation and public safety top of mind. SB 499 clarifies that parkland and recreational facilities are exempt from certain fee deferrals when identified as a mitigation strategy in a local agency’s hazard mitigation plan. Parks and recreation centers are essential utilities for emergency management and response, serving as heating and cooling centers, gathering locations for coordinated evacuations, and staging areas for other types of natural disasters such as flooding and wind events. Most importantly, parklands serve as fuel breaks, which is a critical tool in community hardening and fire resiliency. The recent Palisades and Eaton Fires devastated densely populated regions, with over 37,000 acres and 16,000 structures destroyed by these fires alone. As California continues to develop and rebuild stronger, emergency-response readiness and holistic community protection must be uplifted. By clarifying this exemption from certain fee deferrals, SB 499 affirms the essential role of parks in providing safety and support during crises and facilitates local strategic planning and mitigation efforts that utilize all available resources to protect residents effectively.”
- 2) *Wet paint.* SB 937 (Wiener, Chapter 290, Statutes of 2024) which made significant changes to impact fee collection for certain projects has been in effect for less than a year. While SB 937 excluded certain public improvements from its impact fee collection requirements, including those related to providing fire, public safety, or emergency services to the residential development, it did not include parklands and recreational facilities. SB 499 adds parklands and recreational facilities to the list of public improvements that can still collect fees earlier than certificate of occupancy, if they are identified in local hazard mitigation plans or related land use documents for fire, public safety and emergency services. On the one hand, collecting fees earlier in the process can increase financing costs for developers trying to build housing. On the other hand, parklands have become important sites when it comes to emergency management. SB 499 tilts the balance slightly away from addressing the housing crisis and shifts it towards addressing wildfire risk. The Legislature may wish to consider whether SB 499 adequately balances housing costs and the need for available park space during emergencies without having more data from SB 937’s implementation.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 9/3/25)

California Association of Recreation & Park Districts (Source)
 California Fire Chiefs Association
 California Special Districts Association
 City of Belmont
 City of Rancho Cucamonga
 Conejo Recreation and Park District
 Cordova Recreation and Park District
 Fire Districts Association of California
 Fulton-el Camino Recreation and Park District
 Mendocino Coast Recreation and Park District
 North of the River Recreation and Park District
 Pleasant Hill Recreation and Park District
 Rim of the World Recreation and Park District
 Rio Linda Elverta Recreation and Park District
 Truckee Donner Recreation and Park District
 Valley-wide Recreation and Park District
 Wasco Recreation and Parks District

OPPOSITION: (Verified 9/3/25)

California Building Industry Association
 California Yimby
 Housing Action Coalition

ASSEMBLY FLOOR: 46-12, 9/3/25

AYES: Addis, Aguiar-Curry, Ahrens, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Carrillo, Connolly, Davies, Elhawary, Fong, Garcia, Gipson, Mark González, Harabedian, Hart, Irwin, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Ward, Wilson, Rivas

NOES: Alanis, Chen, DeMaio, Ellis, Gallagher, Hoover, Lee, Macedo, Patterson, Sanchez, Tangipa, Wicks

NO VOTE RECORDED: Alvarez, Arambula, Caloza, Castillo, Dixon, Flora, Gabriel, Jeff Gonzalez, Hadwick, Haney, Jackson, Kalra, Krell, Lackey, Muratsuchi, Soria, Stefani, Ta, Valencia, Wallis, Zbur

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