

RESOLUTION NO. NS-30,634

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ ADOPTING THE
DEVELOPMENT REVIEW FEE DEFERRAL POLICY FOR 100 PERCENT AFFORDABLE
HOUSING DEVELOPMENTS

WHEREAS, this policy supports Housing Element Objective 2.2b: Update the City's ordinance related to fee waivers for affordable units to provide more clarity and to streamline the approval process, adopted unanimously by the City Council; and

WHEREAS, this policy aims to support affordable housing development and achieve the City's Regional Housing Needs Allocation targets by removing financial barriers at critical stages of project development, while maintaining timely collection of development review fees in accordance with established agreements; and

WHEREAS, this policy aligns with recent State legislation deferring development impact fees for specified projects in order to aid the production of affordable housing in California; and

WHEREAS, this policy seeks to balance the City's affordable housing objectives with long-term financial sustainability goals; and

WHEREAS, this policy seeks to clarify the process for granting fee deferrals by establishing a consistent, transparent procedure for applicants; and

WHEREAS, the Planning Commission on February 5, 2026, considered amendments to the Zoning Ordinance related to the Development Review Fee Deferral Policy for 100 Percent Affordable Housing Developments at a regular Planning Commission hearing and recommended that City Council approve the staff recommendation; and

WHEREAS, the City Council on March 10, 2026, considered the Development Review Fee Deferral Policy for 100 Percent Affordable Housing Developments at a regular City Council hearing and now finds that the public necessity, the general community welfare, and good zoning practice shall be served and furthered through the proposed policy and that this policy is in general conformance with the principles, policies, and land use designation set forth in the General Plan.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Santa Cruz hereby adopts the Development Review Fee Deferral Policy for 100 Percent Affordable Housing Developments as noted in Exhibit "A," attached hereto and made a part of hereof.

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PASSED AND ADOPTED this 10th day of March 2026 by the following vote:

AYES: Councilmembers Trigueiro, Brunner, Newsome, Golder, O'Hara; Vice Mayor Kalantari-Johnson; Mayor Keeley.

NOES: None.

ABSENT: None.

DISQUALIFIED: None.

APPROVED: 
Fred Keeley, Mayor

ATTEST: 
Bonnie Bush, City Clerk Administrator

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EXHIBIT A



CITY COUNCIL DEVELOPMENT REVIEW FEE DEFERRAL
POLICY FOR 100 PERCENT AFFORDABLE HOUSING
DEVELOPMENTS

DATE: 03/10/2026

The following development review fee deferral policy for 100 percent affordable housing development projects accompanies Municipal Code Chapter 24.16 – Affordable Housing Provisions, including: Section 24.16.035 – Incentives for Compliance with Inclusionary Housing Requirements, Section 24.16.300 – Units Eligible for Fee Deferrals, and Section 24.16.310 – Procedure for Deferral of Fees.

Under this policy, development review fees for 100 percent affordable housing planning applications may be deferred for a maximum of five years, unless a substantially complete building permit application is submitted, in which case fee deferrals may continue until a certificate of occupancy is issued or for a typical duration of up to five years following issuance of a certificate of occupancy, pursuant to an agreed upon payment plan, as approved by staff. The determination of eligibility for fee deferrals shall be made by the Director of Community Development or their designee, and any payment plan shall be approved by the Director of Finance or their designee. For fee deferrals extending beyond the certificate of occupancy, interest will accrue at a rate determined annually by the Finance Director.

All development review fees, including Building, Fire, Community Development, Parks, Police, Public Works, Water, and similar fees for 100 percent affordable housing development projects may be eligible for deferral, unless specified below:

- Fees paid to the City that are, in whole or in part, used to cover third party development review costs will be collected in full and will continue to be due at standard times (e.g., permit issuance, permit submittal, etc.).
- Certain impact fees must be deferred until the issuance of a certificate of occupancy, temporary certificate of occupancy, or final inspection under SB 937. In compliance with SB 937, codified under Government Code Section 66007, the City now allows deferring the collection of development-related impact fees, but such impact fees will not be eligible for deferral beyond the issuance of a certificate of occupancy, temporary certificate of occupancy, or final inspection under the proposed policy.
- Certain other development fees, including but not limited to the Traffic Impact Fee, may be deferred pursuant to separate existing internal policies and procedures.

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EXHIBIT A

- The City Parks and Recreation Facilities Tax and the Quimby Fee will not be eligible for deferral past the issuance of a certificate of occupancy, temporary certificate of occupancy, or date of final inspection under the proposed policy.

Applicants seeking the aforementioned development review fee deferrals shall submit a supplemental fee deferral application concurrently with the submission of a 100 percent affordable housing planning application to the City. The fee deferral supplemental application may be submitted with the building plan check application if no planning permit fees are applicable or requested for deferral. If the requested fee deferrals are approved, the applicant shall enter into a fee deferral agreement and payment plan with the City in accordance with internal Finance policies and the City's current standard procedures.

This policy clarifies the process for granting fee deferrals and streamlines their approval by granting staff the ability to qualify applicants for and approve fee deferrals for 100 percent affordable housing developments. Applicants seeking fee waivers may still request them from City Council, consistent with the current process.