

LAFCO MEMORANDUM

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
105 East Anapamu Street • Santa Barbara CA 93101 • (805) 568-3391 + Fax (805) 568-2249

February 5, 2026 (Agenda)

TO: Each Member of the Commission

FROM: Mike Prater
Executive Officer

SUBJECT: Report on Senate Bill 499

This is an Informational Report. No Action is Necessary

DISCUSSION

Senate Bill 499 (Mitigation Fee Act) is a legislative measure in California that governs the fees local agencies may levy on development projects. SB 499 (Stern, 2025) updates the Mitigation Fee Act to give local agencies more flexibility in collecting fees tied to residential development. The bill focuses on impact fees, utility connection charges, and parkland/recreational facilities that serve emergency or hazard-mitigation purposes.

The bill aims to clarify existing law by specifying that parkland and recreational facilities designated in a local agency's hazard mitigation plan, or related plan which identifies use in providing public safety and emergency services to residential developments, are eligible for certain fee deferral exemptions.

This clarification is crucial as it ensures that parks and recreation centers, which serve as essential utilities for emergency management and response, are properly accounted for in fee deferral exemptions. The bill was chaptered by the Secretary of State and approved by Governor on October 10, 2025. The bill amended Section 66007 of Government Code.

Key Legal Changes

1. Earlier Collection of Impact Fees for Certain Facilities

SB 499 authorizes local agencies to require payment of impact fees **before issuance of the first certificate of occupancy**—but only when:

- The fees fund **parkland or recreational facilities** that
 - Are identified for an **emergency purpose**, not merely recreation, and
 - Are included in a **hazard mitigation plan** or related emergency-services plan

This is an exception to the general rule under the Mitigation Fee Act that fees cannot be collected until occupancy.

2. Clarifies Eligibility for Fee Deferral Exemptions

The bill clarifies that parkland or recreational facilities used as:

- **Emergency staging areas,**
- **Evacuation zones,**
- **Wildfire buffers,** or
- Other **public-safety functions** qualify for exemptions from fee-deferral requirements

This responds to wildfire-risk studies showing the value of greenbelts and hardened structures in reducing catastrophic fire impacts.

3. Expansion of Utility Service Fee Timing

SB 499 also amends §66007 to allow local agencies to collect **utility service connection charges** at the time a **development application is received**, provided:

- The charge reflects **actual costs** incurred by the utility provider

This expands the timing flexibility for utilities beyond prior law.

Attachments

Attachment A – Amended Government Code Section 66007

Please contact the LAFCO office if you have any questions. A portion of this report was generated by AI technology.



Bill Text: CA SB499 | 2025-2026 | Regular Session | Amended California Senate Bill 499

NOTE: There are more recent revisions of this legislation. Read Latest Draft

Bill Title: Residential projects: fees and charges.

Spectrum: Partisan Bill (Democrat 1)

Status: (*Passed*) 2025-10-10 - Chaptered by Secretary of State. Chapter 543, Statutes of 2025. [SB499 Detail]

Download: California-2025-SB499-Amended.html

AMENDED IN SENATE MARCH 26, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 499

Introduced by Senator Stern

February 19, 2025

An act to amend Section ~~4291.5~~ 66007 of the ~~Public Resources~~ *Government* Code, relating to ~~fire prevention~~. *land use*.

LEGISLATIVE COUNSEL'S DIGEST

SB 499, as amended, Stern. ~~Fire prevention: home hardening: defensible space: data usage.~~ *Residential projects: fees and charges: emergency services.*

Existing law, the Mitigation Fee Act, imposes various requirements with respect to the establishment, increase, or imposition of a fee by a local agency as a condition of approval of a development project. If a local agency imposes any fees or charges on designated residential developments for the construction of public improvements or facilities, existing law imposes various conditions on the fees and charges. Among these conditions, existing law prohibits the local agency from requiring the payment of those fees or charges until the date the first certificate of occupancy or first temporary certificate of occupancy is issued, whichever occurs first, except as specified. Existing law authorizes a local agency to require the payment of those fees or charges earlier if the local agency determines, among other things, that the fees or charges will be collected for, among other types of public improvements or facilities, public improvements or facilities related to providing fire, public safety, and emergency services to the residential development.

This bill would specify that the public improvements or facilities related to providing fire, public safety, and emergency services for which a local agency may require the earlier payment of fees and charges under the above-described provisions include parkland and recreational facilities when identified in the local agency's hazard mitigation plan or related general plan element for those uses.

~~Existing law requires the Director of Forestry and Fire Protection, until January 1, 2026, to establish a statewide program to allow qualified entities to support and augment the Department of Forestry and Fire Protection in its defensible space and home hardening assessment and education efforts. Existing law requires the director to establish a common reporting platform that allows defensible space and home hardening assessment data, collected by the qualified entities, to be reported to the department and requires the director to establish any necessary quality control measure to ensure that the assessment data is accurate and reliable. Existing law authorizes the director to use the assessment data, as specified.~~

~~This bill would instead require the director to use that assessment data, as specified.~~

ATTACHMENT A

Digest Key

Vote: majority Appropriation: no Fiscal Committee: **yes**no Local Program: no

Bill Text

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. *Section 66007 of the Government Code is amended to read:*

66007. (a) Except as otherwise provided in subdivisions (b) and (h), any local agency that imposes any fees or charges on a residential development for the construction of public improvements or facilities shall not require the payment of those fees or charges, notwithstanding any other provision of law, until the date of the final inspection, or the date the certificate of occupancy is issued, whichever occurs first. However, utility service fees related to connections may be collected at the time an application for service is received, provided that those fees do not exceed the costs incurred by the utility provider resulting from the connection activities. If the residential development contains more than one dwelling, the local agency may determine whether the fees or charges shall be paid on a pro rata basis for each dwelling when it receives its final inspection or certificate of occupancy, whichever occurs first; on a pro rata basis when a certain percentage of the dwellings have received their final inspection or certificate of occupancy, whichever occurs first; or on a lump-sum basis when the first dwelling in the development receives its final inspection or certificate of occupancy, whichever occurs first.

(b) (1) Notwithstanding subdivision (a), the local agency may require the payment of those fees or charges at an earlier time if (A) the local agency determines that the fees or charges will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan before final inspection or issuance of the certificate of occupancy or (B) the fees or charges are to reimburse the local agency for expenditures previously made. "Appropriated," as used in this subdivision, means authorization by the governing body of the local agency for which the fee is collected to make expenditures and incur obligations for specific purposes.

(2) (A) Paragraph (1) does not apply to units reserved for occupancy by lower income households included in a residential development proposed by a housing developer in which at least 49 percent of the total units are reserved for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable rent, as defined in Section 50053 of the Health and Safety Code. In addition to the contract that may be required under subdivision (d), a city, county, or city and county may require the posting of a performance bond or a letter of credit from a federally insured, recognized depository institution to guarantee payment of any fees or charges that are subject to this paragraph. Fees and charges exempted from paragraph (1) under this paragraph shall become immediately due and payable when the residential development no longer meets the requirements of this paragraph.

(B) The exception provided in subparagraph (A) does not apply to fees and charges levied pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code.

(c) All of the following apply to designated residential development projects:

(1) If a local agency imposes any fees or charges on the residential development for the construction of public improvements or facilities, then all of the following conditions apply:

(A) (i) Notwithstanding any other law, the local agency shall not require the payment of those fees or charges until the date the first certificate of occupancy or first temporary certificate of occupancy is issued, whichever occurs first.

(ii) Notwithstanding clause (i), utility service fees related to connections may be collected at the time an application for service is received, provided that those fees do not exceed the costs incurred by the utility provider resulting from the connection activities.

(iii) Clause (i) shall not apply if construction of the residential development does not begin within five years of the date upon which the building permit is issued.

(B) The amount of the fees and charges shall be the same amount as would have been paid had the fees and charges been paid prior to the issuance of building permits, and the local agency shall not charge interest or other fees on any amount deferred pursuant to this paragraph.

(C) If the development contains more than one dwelling, the local agency may determine whether the fees or charges described shall be paid on a pro rata basis for each dwelling when it receives its certificate of occupancy, on a pro rata basis when a certain percentage of the dwellings have received their certificate of occupancy, or on a lump-sum basis when all the dwellings in the development receive their certificate of occupancy.

(D) Notwithstanding any other law, the local agency may withhold a certificate of occupancy or a temporary certificate of occupancy until payment of those fees or charges is received.

(2) (A) Notwithstanding paragraph (1), the local agency may require the payment of those fees or charges at an earlier time if either of the following conditions is met:

(i) The fees or charges are to reimburse the local agency for expenditures previously made to the extent those expenditures have not been paid or reimbursed by another party.

(ii) The local agency determines both of the following:

(I) The fees or charges will be collected for any of the following public improvements or facilities:

(ia) Public improvements or facilities related to providing water service to the residential development.

(ib) Public improvements or facilities related to providing sewer or wastewater service to the residential development.

(ic) Public improvements or facilities related to providing fire, public safety, and emergency services to the residential ~~development~~ *development, including parkland and recreational facilities when identified in its hazard mitigation plan or related general plan element for those uses.*

(id) 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.

(ie) Construction and rehabilitation of school facilities, if a school district has a five-year plan pursuant to subdivision (c) of Section 17017.5 of Education Code.

(II) An account has been established and funds appropriated for the public improvements or facilities described in subclause (I). "Appropriated," as used in this subclause, means authorization by the governing body of the local agency for which the fee is collected to make expenditures and incur obligations for specific purposes.

(B) (i) Subparagraph (A) does not apply to units reserved for occupancy by lower income households included in a residential development proposed by a housing developer in which at least 49 percent of the total units are reserved for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable rent, as defined in Section 50053 of the Health and Safety Code. Fees and charges exempted from subparagraph (A) under this subparagraph shall become immediately due and payable when the residential development no longer meets the requirements of this subparagraph.

(ii) The exception provided in clause (i) does not apply to fees and charges levied pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code.

(iii) (I) The developer may elect to post a performance bond or a letter of credit from a federally insured, recognized depository institution to guarantee payment of any fees or charges that are subject to this subparagraph.

(II) If the developer does not post a performance bond or letter of credit pursuant to subclause (I), the city, county, or city and county may collect any fees and charges subject to this subparagraph that are not paid at the time the first certificate of occupancy or first temporary certificate of occupancy is issued, whichever occurs first, in accordance with the following procedure:

(ia) On or before August 10 of each year, the building official of the local agency shall furnish in writing to the county auditor a description of each parcel of land for which a performance bond or letter of credit has not been posted within the local agency's jurisdiction upon which fees or charges are unpaid and the amount of the unpaid fees or charges.

(ib) The amount of the unpaid fees or charges shall constitute a lien upon the land for which the fees or charges are unpaid.

(ic) The unpaid fees or charges shall be collected in the same manner and at the same time as county ad valorem taxes.

(id) The unpaid fees or charges shall be subject to the same penalties, lien priority, and procedure and sale in case of delinquency that apply to county ad valorem taxes.

(ie) All laws applicable to the levy, collection, and enforcement of county ad valorem taxes shall be applicable to the unpaid fees and charges.

(iv) Clause (iii) does not apply to projects that dedicate 100 percent of units, exclusive of a manager's unit or units, to lower income households, as defined by Section 50079.5 of the Health and Safety Code, and have a recorded regulatory agreement with the California Tax Credit Allocation Committee, the California Debt Limit Allocation Committee, or the Department of Housing and Community Development.

(3) If the local agency does not issue certificates of occupancy for the type of residential developments described in this subdivision, the final inspection shall serve as the certificate of occupancy.

(4) For purposes of this subdivision, "designated residential development project" means a residential development project that meets any of the following conditions:

(A) The project dedicates 100 percent of units, exclusive of a manager's unit or units, to lower income households, as defined by Section 50079.5 of the Health and Safety Code.

(B) The project meets the requirements described in Section 65662.

(C) The project is approved by a local government pursuant to Article 2 (commencing with Section 65912.110) or Article 3 (commencing with Section 65912.120) of Chapter 4.1.

(D) The project meets the requirements described in subdivision (a) of Section 65913.4.

(E) The project meets the criteria described in subdivision (c) of Section 65913.16.

(F) The project is entitled to a density bonus pursuant to subdivision (b) of Section 65915.

(G) The project includes 10 or fewer units.

(d) (1) If any fee or charge specified in subdivision (a) or (c) is not fully paid prior to issuance of a building permit for construction of any portion of the residential development encumbered thereby, the local agency issuing the building permit may require the property owner, or lessee if the lessee's interest appears of record, as a condition of issuance of the building permit, to execute a contract to pay the fee or charge, or applicable portion thereof, within the time specified in subdivision (a) or (c). If the fee or charge is prorated pursuant to subdivision (a) or (c), the obligation under the contract shall be similarly prorated.

(2) The obligation to pay the fee or charge shall inure to the benefit of, and be enforceable by, the local agency that imposed the fee or charge, regardless of whether it is a party to the contract. The contract shall contain a legal description of the property affected, shall be recorded in the office of the county recorder of the county and, from the date of recordation, shall constitute a lien for the payment of the fee or charge, which shall be enforceable against successors in interest to the property owner or lessee at the time of issuance of the building permit. The contract shall be recorded in the grantor-grantee index in the name of the public agency issuing the building permit as grantee and in the name of the property owner or lessee as grantor. The local agency shall record a release of the obligation, containing a legal description of the property, in the event the obligation is paid in full, or a partial release in the event the fee or charge is prorated pursuant to subdivision (a) or (c).

(3) The contract may require the property owner or lessee to provide appropriate notification of the opening of any escrow for the sale of the property for which the building permit was issued and to provide in the escrow instructions that the fee or charge be paid to the local agency imposing the same from the sale proceeds in escrow prior to disbursing proceeds to the seller.

(4) The governing body of a local agency may authorize an officer or employee of the local agency to approve and execute contracts under this subdivision on behalf of the local agency.

(5) Before requiring execution of a contract under this subdivision, the local agency shall post a model form of contract on its internet website, if it maintains an internet website.

(e) This section applies only to fees collected by a local agency to fund the construction of public improvements or facilities. It does not apply to fees collected to cover the cost of code enforcement or inspection services, or to other fees collected to pay for the cost of enforcement of local ordinances or state law.

(f) "Final inspection," "temporary certificate of occupancy," or "certificate of occupancy," as used in this section, has the same meaning as described in Sections 305 and 307 of the Uniform Building Code, International Conference of Building Officials, 1985 edition.

(g) Methods of complying with the requirement in subdivision (b) that a proposed construction schedule or plan be adopted, include, but are not limited to, (1) the adoption of the capital improvement plan described in Section 66002, or (2) the submittal of a five-year plan for construction and rehabilitation of school facilities pursuant to subdivision (c) of Section 17017.5 of the Education Code.

(h) A local agency may defer the collection of one or more fees up to the close of escrow. This subdivision shall not apply to fees and charges levied pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code.

~~SECTION 1. Section 4291.5 of the Public Resources Code is amended to read:~~

~~4291.5.(a) For purposes of this section, the following definitions apply:~~

~~(1) "Home hardening" means the replacement or repair of structural features that are affixed to the property with features that are in compliance with Chapter 7A (commencing with Section 701A.1) of Title 24 of the California Code of Regulations;~~

~~(2) "Qualified entities" means the following entities that have completed the program developed and received a certification, pursuant to Section 4291.6:~~

~~(A) Counties, state conservancies, special districts, and other political subdivisions of the state;~~

~~(B) Members of the California Conservation Corps, the Board of Commissioners under California Volunteers described in Section 8411 of the Government Code, local conservation corps, resource conservation districts, fire safe councils, and Firewise USA organizations;~~

~~(C) University of California fire advisors;~~

~~(D) Registered Professional Foresters;~~

~~(E) Other entities or individuals deemed appropriate by the director.~~

~~(3) "Wildfire safety improvements" mean wildfire resilience and fire safety improvements, including measures for home hardening, the creation of defensible space, and other appropriate fuel reduction activities, to residential, commercial, industrial, agricultural, or other real property identified by the State Fire Marshal, in consultation with the director.~~

~~(b) The director shall establish a statewide program to allow qualified entities to support and augment the department in its defensible~~

ATTACHMENT A

~~space and home hardening assessment and education efforts. Qualified entities participating in the program shall be authorized by the director to conduct defensible space assessments to assess compliance with Section 4291 within the state responsibility area, educate property owners about wildfire safety improvements that may be undertaken to harden a structure and make it more resistant to fire, and assess whether wildfire safety improvements have been completed in or on a structure.~~

~~(c)(1)The director shall establish a common reporting platform that allows defensible space and home hardening assessment data, collected by the qualified entities, to be reported to the department and shall establish any necessary quality control measure to ensure that the assessment data is accurate and reliable.~~

~~(2)The department shall compile the data submitted pursuant to paragraph (1).~~

~~(d)The director shall use the defensible space and home hardening assessment data to do the following:~~

~~(1)Direct inspection and enforcement resources away from landowners who meet or exceed the department's standards and regulations for maintaining defensible space.~~

~~(2)Direct inspection and enforcement resources toward landowners who do not meet the department's standards and regulations for maintaining defensible space.~~

~~(3)Direct educational resources toward landowners who own or maintain structures that can be hardened to make them more resistant to fire.~~

~~(4)Assist in estimating defensible space compliance in the state responsibility area.~~

~~(e)The department may expand or amend existing programs for the implementation of this section.~~

~~(f)This section does not grant any right of entry onto private land or regulatory or enforcement authority to participating qualified entities.~~

~~(g)Any local governmental entity that is qualified to conduct defensible space assessments pursuant to this section in very high and high fire hazard severity zones, as identified by the State Fire Marshal pursuant to Section 51178 of the Government Code or Article 9 (commencing with Section 4201) of this chapter or by a local agency pursuant to Section 51179 of the Government Code and reports that information to the department, shall report that information using the common reporting platform established pursuant to subdivision (c).~~

~~(h)(1)On December 31, 2023, and annually thereafter, the department shall report to the Legislature all defensible space data collected pursuant paragraph (2) of subdivision (c). The report may include information on the proportion of unique parcels that were inspected, the degree of compliance with requirements set forth in Section 4291, any enforcement actions that may have been taken for noncompliant parcels, and the proportion of parcels that were found to be in compliance across jurisdictions. At minimum, the report shall include data with sufficient detail to facilitate comparisons of community compliance with the requirements of Section 4291 between local governmental entities qualified to conduct defensible space assessments pursuant to this section and local governmental entities that are not.~~

~~(2)A report submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.~~

~~(i)This section shall remain in effect only until January 1, 2026, and as of that date is repealed.~~