

STATE ALLOCATION BOARD INCREASES DEVELOPER FEES; 2012 UPDATES TO LOZANO SMITH'S DEVELOPER FEE HANDBOOK ARE NOW AVAILABLE

On January 25, 2012, the State Allocation Board (SAB) approved a substantial inflationary increase applicable to "Level 1" developer fees. Based on application of the Marshall & Swift Eight California Cities Index for construction costs, SAB adjusted the Level 1 fee to **\$3.20** per square foot for residential development and **\$.51** for commercial development. Pursuant to Government Code section 65995, the fee may be increased in every even year. Because there was no inflationary increase in 2010, the fee had remained at the prior levels of \$2.96 and \$.47 for the past four years. School districts must now take action locally to implement the Level 1 increase.

The alternative "Level 2" fee is not tied to this SAB action, and a Level 2 school district must adopt the fee annually based on its own School Facilities Needs Analysis. However, with the Level 1 fee now at \$3.20 for residential development, some Level 2 school districts may find that the new Level 1 fee has exceeded their existing or anticipated Level 2 fees. As a result, Level 2 school districts whose fees are in the \$3.00 range may wish to consider reassessing their fees in light of the SAB's recent action.

We are also pleased to announce that the 2012 update is now available for Lozano Smith's Facilities and Business Practice Group's publication, [Developer Fee Handbook for School Facilities: A User's Guide to Qualifying for, Imposing, Increasing, Collecting, Using and Accounting for School Impact Fees in California](#). The handbook is designed to assist school districts in dealing with numerous developer fee issues. The handbook can help school districts reduce their legal costs by providing comprehensive information regarding California law and process for school impact fees. Toward this end, the handbook contains procedures, time lines, checklists and forms to be used when adopting fees and/or fee increases.

In light of the current economic environment, we understand that it may be difficult to afford the upfront cost of purchasing a new Developer Fee Handbook. For a limited time, Lozano Smith is making the handbook available to school districts at no present cost. School districts that previously purchased the handbook will be sent the 2012 updates at no additional charge.

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If we can be of assistance regarding adoption of fee increases or any other developer fee issue, please feel free to contact any of our eight offices statewide. For more information on the Developer Fee Handbook, or to order a copy, please contact our Client Services department at: clientservices@lozanosmith.com, or call (800) 445-9430.

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As the information contained herein is necessarily general, its application to a particular set of facts and circumstances may vary. For this reason, this News Brief does not constitute legal advice. We recommend that you consult with your counsel prior to acting on the information contained herein.