

# How Much Does It Cost to Permit a House?

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**An analysis of city and county  
compliance with California AB 1483  
and recommendations to improve the  
transparency of development fees**

## Acknowledgements

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Photo by Sergio Ruiz

## Introduction

California is in the midst of an enduring housing affordability crisis that is rooted in a lack of housing supply and perpetuated by the high costs of development. This paper focuses on one obstacle in the development process that can contribute to these steep costs and hamper overall housing production: the lack of transparency around development fees and requirements at the local level. This lack of transparency led to the passage of Assembly Bill 1483 in 2019. AB 1483 (Grayson) put in place several fee transparency measures, such as requiring that local policies around fees, housing affordability requirements and zoning be clearly posted online. In surveying local progress toward meeting the requirements of AB 1483, SPUR noted a widespread lack of compliance with the provisions of the bill. For instance, less than half of the jurisdictions examined appeared to post all of the fees applicable to new housing development on their websites. Based on this analysis, SPUR proposes a set of recommendations to improve the transparency of residential development fees and requirements across the state.

# Background

A number of local policy decisions can increase the costs of housing development and ultimately impact the type and amount of housing produced. These policy decisions include zoning designations, building code requirements and other land use regulations, as well as the length and complexity of project approval processes. Additionally, the amounts that jurisdictions charge in fees and exactions (i.e., contributions to the community that local governments require of developers) can increase project costs, resulting in less housing production and higher housing prices. The primary example of such fees is the development impact fee, which can be levied by various entities within a jurisdiction (e.g., school districts, utility districts and special districts). Development impact fees imposed by cities are intended to pay for the project's impact on public infrastructure, such as parks, utilities, and roads. Other fees and exactions can also be levied, including administrative fees that cover costs incurred by city departments for processing and approving permits and approvals. While the sum of the total fees and exactions charged by local government can vary significantly across jurisdictions, they often amount to between 6% and 18% of total construction costs.<sup>1</sup> SPUR's recently published report *Meeting the Need* recommends that the California Department of Housing and Community Development (HCD) develop a mechanism to cap fees in jurisdictions where the total fee burden is undermining housing production.<sup>2</sup>

Development fees and requirements are often critical to ensuring that a jurisdiction can adequately accommodate new growth. However, existing research points to the need for state regulation in this area to ensure that fees are justified and that the total fee burden doesn't impede new housing development.<sup>3</sup> Specifically, fee transparency is key to ensuring that home builders can easily access fee information and that they can accurately calculate the cost of building housing in any given jurisdiction. The Turner Center's 2019 study *Residential Impact Fees in California* found that impact fees are often hard to locate on city websites or are missing altogether. Additionally, nexus studies (see figure 1), which justify impact fee amounts, can also be challenging to find, missing or outdated.<sup>4</sup>

Special districts — California has over 5,000 — complicate the picture further by levying their own fees on development projects. Despite the complexity of these fees, and the lack of conformity across the state, most jurisdictions provide no guidelines for calculating fees or estimating the total fee amount for any given project.

The lack of fee transparency and necessary guidance, particularly at the outset of a project, results in unforeseen project costs, which increases risks for developers and can result in project delays, potentially causing fewer homes to be built. It also creates barriers for smaller and newer community-led developers, who have neither the experience, relationships or capital to wade through the uncertainty, effectively limiting the supply of smaller projects. The murky nature of fees and requirements across jurisdictions also results in inadequate data on the true costs of producing housing in California, which confounds our ability to make progress on housing affordability overall.<sup>5</sup>

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1 Sarah Mawhorter, David Garcia and Hayley Raetz, *It All Adds Up: The Cost of Housing Development Fees in Seven California Cities*, Turner Center for Housing Innovation, March 2018, <https://turnercenter.berkeley.edu/research-and-policy/it-all-adds-up-development-fees>

2 Sarah Karlinsky, *Meeting the Need: The Path to 2.2 Million New Homes in the Bay Area by 2070*, SPUR, [https://www.spur.org/sites/default/files/2021-04/SPUR\\_Meeting\\_the\\_Need.pdf](https://www.spur.org/sites/default/files/2021-04/SPUR_Meeting_the_Need.pdf)

3 Fee amount (in addition to fee transparency) is also an issue that should be addressed with state regulation. See more at: [https://www.spur.org/sites/default/files/2021-04/SPUR\\_Meeting\\_the\\_Need.pdf](https://www.spur.org/sites/default/files/2021-04/SPUR_Meeting_the_Need.pdf)

4 Hayley Raetz et al., *Residential Impact Fees in California*, Turner Center for Housing Innovation, August 2019, [https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Residential\\_Impact\\_Fees\\_in\\_California\\_August\\_2019.pdf](https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Residential_Impact_Fees_in_California_August_2019.pdf)

5 There are ongoing efforts to improve the availability of data at the local and state levels, including SB 477 (Weiner), which, if passed, would require jurisdictions to report the information mandated from AB 1483 in their Annual Progress Reports to the HCD.

To address the lack of fee transparency across California, Assemblymember Tim Grayson introduced AB 1483 in 2019.<sup>6</sup> The legislation requires cities, counties and special districts to make housing development information accessible to the public on their websites. Such information includes the fee schedule, impact fee nexus studies, zoning ordinances, development and design standards, and several exactions, including construction excise taxes,<sup>7</sup> public art requirements or in-lieu payments, Mello-Roos taxes,<sup>8</sup> and mandated dedications to parkland or other in-lieu fees. (For more on these requirements, see figure 1.) AB 1483 also requires HCD to develop a 10-year housing data strategy that includes an evaluation of data priorities, a plan for how to achieve more consistent terminology for housing data across the state, an assessment of the quality of data submitted by jurisdictions’ annual reports, and recommendations based on that assessment. This legislation represents an important step toward mandating a baseline level of fee transparency across all jurisdictions in the state. To evaluate the impact of AB 1483 and assess fee transparency more broadly, SPUR, in consultation with the Turner Center, analyzed a selection of jurisdictions across the state and conducted stakeholder interviews.

**FIGURE 1**  
**AB 1483’s Transparency Requirements**  
 AB1483 requires cities, counties and special districts to make the following housing development information accessible to the public on their websites.

AB 1483 requirement	What it is
Fee schedule	A fee schedule is a list of a jurisdiction’s fees that may be levied for a variety of purposes. Jurisdictions vary significantly in how they structure their fee schedules; some have a master fee schedule that includes all fees across departments, while others have department-specific fee schedules. AB 1483 requires that each jurisdiction post all fees applicable to housing development.
Impact fee nexus studies	Impact fee nexus studies are required by the Mitigation Fee Act (first passed in 1987) to explain the connection (or “nexus”) between a proposed development and the alleged impact it will have on a jurisdiction’s infrastructure and services, thereby justifying the impact fee amounts. AB 1483 requires jurisdictions to post “an archive of impact fee nexus studies, cost of service studies, or equivalent.”
Affordability requirements	Affordability requirements mandate that developments include a specified percentage of the units as affordable units or provide “an alternative means of compliance with that requirement including, but not limited to, in-lieu fees, land dedication, off-site construction, or acquisition and rehabilitation of existing units.” <sup>9</sup>
Zoning ordinances	Zoning ordinances define the types of developments, such as residential or commercial, that can be built in geographic zones throughout a jurisdiction. Zoning ordinances often specify other regulations, such as parcel size and density. AB 1483 requires jurisdictions to post all zoning ordinances that specify the zoning requirements for each parcel.
Development and design standards	Development standards, otherwise known as design standards, specify requirements such as the distance between a proposed development and other buildings (the “setback”) and certain aspects of the architectural design. AB 1483 requires jurisdictions to post all development standards that apply to each parcel.
Dedications to parkland or in-lieu fees	Dedications to parkland or in-lieu fees require developers to dedicate a specified amount of land for public open space or pay an in-lieu fee that the jurisdiction will use to acquire land or develop park facilities. To comply with AB 1483, jurisdictions must make this requirement available on their websites.

6 California Legislature, Assembly Bill No. 1483, [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB1483](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1483)

7 A construction excise tax is a tax imposed on all building permit applications for new construction and additions to existing structures. Construction excise taxes are often set at a uniform rate and based on the average valuation per square foot for each type of construction.

8 A Mello-Roos tax is a parcel tax imposed on property owners within a special type of Community Facilities District known as a Mello-Roos District. The name is derived from the co-authors of the bill that enabled the creation of Mello-Roos Districts, State Senator Henry J. Mello (D-Watsonville) and Assemblyperson Mike Roos (D-Los Angeles).

9 California Legislature, Assembly Bill No. 1483, [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB1483](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1483)

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# Methodology

To analyze the impact of AB 1483, SPUR surveyed the websites of 60 jurisdictions (50 cities and 10 counties) and evaluated the accessibility of the required information and documents.<sup>10</sup> The 60 jurisdictions were selected to ensure a diversity of size and geography.

This analysis examined local compliance with requirements imposed by AB 1483 that are broadly applicable to cities and counties across the state: fee schedules, an archive of impact fee nexus studies, affordability requirements, zoning ordinances, development and design standards, and dedications to parkland or in-lieu fees. It did not examine compliance with some AB 1483 requirements, such as public art requirements, construction excise taxes, and Mello-Roos taxes, as it was often difficult to determine whether these were missing from a jurisdiction's website or not applicable to that jurisdiction.

To better understand the experience of navigating this stage of the development process and assessing fees, SPUR spoke with local government staff, housing developers, land use law experts and other stakeholders.

## AB 1483 Compliance

In a survey of 60 jurisdictions, SPUR found that many jurisdictions have yet to come into compliance with AB 1483, as their websites often have incomplete or unreliable information regarding development fees and requirements. Assessing the full suite of applicable fees for any given housing project, let alone calculating those fees with any degree of accuracy, remains challenging.

However, several jurisdictions are making strides to improve the transparency of their fees and development requirements through improved online tools and resources. These improvements provide examples of best practices that could be adopted across the state, as discussed in the Recommendations section. SPUR's findings, broken down by AB 1483 requirement, are described below.

### Key to Graphs:

**N/A:** This jurisdiction does not have the fee or requirement.

**Unknown:** It is unknown whether this information is missing or not applicable. (This label only applies to affordability requirements and dedications to parkland.)

**Missing:** This requirement is applicable to the jurisdiction, but it is not available online.

**Challenging to locate online:** The required information is online but in a location that is challenging to find, such as in a resolution within city council meeting materials.

**Outdated:** The required information is outdated.

**Outdated or incomplete:** The required information is outdated and/or does not appear to be complete. (This label only applies to fee schedules, as that was the only requirement where SPUR recorded completeness.)

**Straightforward to locate:** The required information is posted on the jurisdiction's website in a location where it

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<sup>10</sup> See appendix for list of jurisdictions.

is accessible, such as the planning or building department landing page.

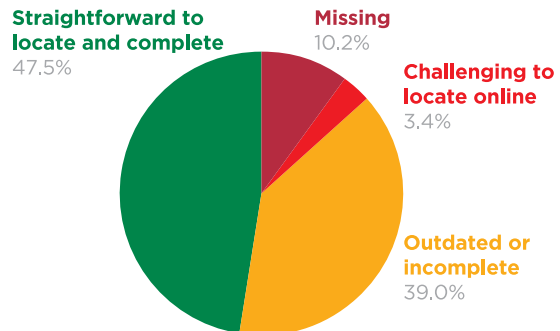
**Straightforward to locate and complete:** In addition to being accessible, the required information appears to be comprehensive. (This label only applies to fee schedules, as that was the only requirement where SPUR recorded completeness.)

## Comprehensive fee schedules were available on less than half of websites.

Jurisdictions differed significantly in how they structured their fee schedules and in what information they provided in their fee schedules. Just under half of the surveyed jurisdictions posted one schedule or multiple fee schedules that appeared to include the full suite of fees. Another 39% of the jurisdictions displayed fee schedule information that was incomplete and/or outdated. For example, it was common for a website to provide a permit fee schedule but have no information regarding impact fees.

Consequently, while the majority of cities had a development fee schedule (or multiple fee schedules), it often did not cover all of the jurisdiction’s applicable fees. For example, a fee schedule might not include fees charged across all departments, leading to inaccurate estimates of what developers will ultimately owe. In our interviews, developers cited the lack of consistency among fee schedules as a factor that leads to confusion and noted that it is rarely possible to arrive at a fee estimate based on the information available online. Calculating fees with accuracy often requires the developer to have significant experience working in the jurisdiction, and even then, running into unanticipated fees is common.

Fee Schedule Breakdown

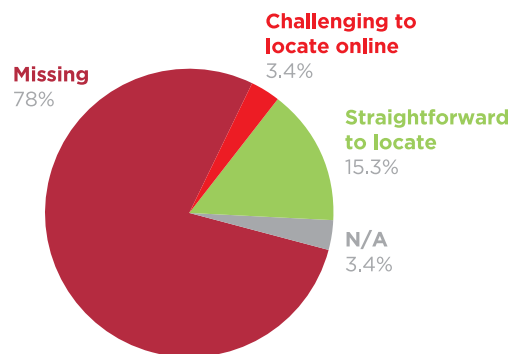


## Over three-quarters of jurisdictions reviewed did not have nexus studies available as required by AB 1483.

The Mitigation Fee Act requires nexus studies in order to quantify the relationship between new development and its impact on public infrastructure and services. Without access to nexus studies, it is unclear how impact fees have been calculated and whether the fees are justified. AB 1483 mandates that jurisdictions’ websites include “an archive of impact fee nexus

studies, cost of service studies, or equivalent, as specified.” Only 18.7% of the surveyed websites posted nexus studies. Only two cities, Turlock and Campbell, appeared to post an *archive* of nexus studies, as required.

Nexus Fee Studies Breakdown

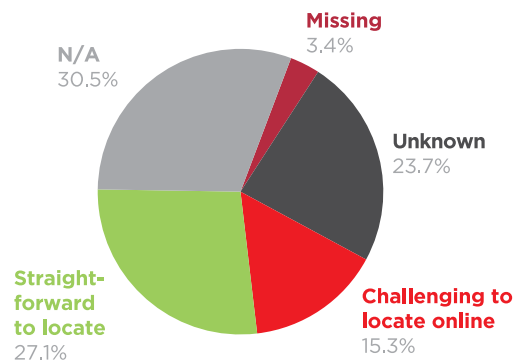




## Approximately one-quarter of jurisdictions posted their affordability requirements in an accessible location.

Many jurisdictions do not have affordability requirements, and without confirmation from planning staff, it was challenging to assess whether this information was missing or not applicable to a jurisdiction. In SPUR’s survey, 42.4% of jurisdictions had affordability requirements on their websites (27.1% easily accessible, 15.3% difficult to find). For another 23.7%, it was unclear whether the requirements were missing or not applicable. In 3.4% of cases, the requirements were missing, and 30.5% of jurisdictions confirmed that they do not have affordability requirements.

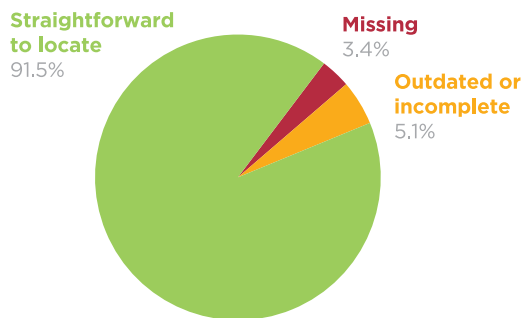
Affordability Requirements Breakdown



## Zoning ordinances were widely available across jurisdictions’ websites.

The vast majority of jurisdictions — 91.5% — posted zoning ordinances in an easily accessible location, typically within their municipal code, which was often linked on a main planning department (or similar department) web page. The accessibility of this information is important because it enables the public to assess what types of development can be built throughout the jurisdiction.

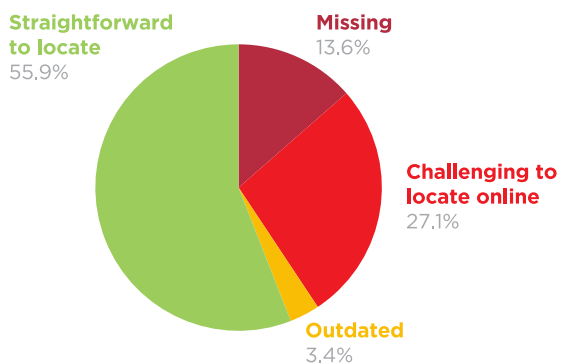
Zoning Ordinances Breakdown



## Development and design standards were available on just over 80% of websites but were often challenging to locate.

Design standards were relatively accessible. They were straightforward to locate for 55.9% of jurisdictions. Another 27.1% posted the standards online, but locating them often meant sifting through specific plans, master

Development/Design Standards Breakdown

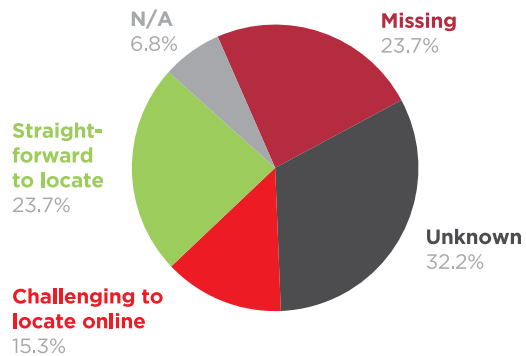


plans or the municipal code. Ensuring that developers can access the full design standards is important because these standards can incur significant additional costs if they are not accounted for in the original plan.

## Approximately one-quarter of jurisdictions posted information about parkland dedication requirements in an accessible location.

Dedications to parkland or in-lieu fees were sometimes, but not always, included on fee schedules and were often difficult to distinguish from other types of park fees. As with affordability requirements, it was often challenging to assess whether these requirements were not applicable or were missing, with nearly one-third of jurisdictions falling into the “unknown” category.

Dedications of Parkland or In-lieu Fees Breakdown



## Recommendations

Based on the website analysis and stakeholder interviews, SPUR recommends the following best practices to further improve the transparency of development fees.

**1 | City and county websites should clearly direct users to landing pages where the information required under AB 1483 is readily visible.** Across the 60 jurisdictions surveyed, two cities had landing pages that contained the information mandated under AB 1483: San Juan Capistrano and Campbell. A third city had a landing page that appeared to be under development and did not include much of the information mandated under AB 1483. A dedicated landing page containing the information developers need in order to submit a housing development proposal, including the information mandated by AB 1483, is one way to ensure that critical information is located in an accessible location. A landing page would create transparency and significantly reduce uncertainty, spurring new affordable and market-rate housing construction. Such landing pages could also be expanded to include all of the information, beyond fees, that goes into determining what housing can be built in a jurisdiction and what fees and requirements are imposed on new homes. Jurisdictions should include a link to this landing page in their Housing Element Annual Progress Reports to HCD, which HCD could then use to assess compliance annually.<sup>11</sup>

<sup>11</sup> If SB 477 passes, then jurisdictions will be required to report the information mandated under AB 1483 in their Annual Progress Reports. A landing page would streamline this process.

**2 | HCD should develop a fee schedule template for all jurisdictions to utilize, as part of the 10-year housing data strategy required by AB 1483.** While jurisdictions differ in how they calculate fees and what fees they charge, a baseline for consistency in the way these fees are displayed would allow the public to easily understand what fees each jurisdiction is levying on housing developments. HCD should develop a standard template and a list of best practices around presenting information for all fees and exactions levied by a jurisdiction. The template could be as simple as a list of all fees with the approximate cost per unit or per square foot, the districts/neighborhoods where each fee applies, the uses that the fee applies to and who should be contacted in order to calculate total fees. The template should not replace more innovative fee tools (such as a publicly available tool for calculating total project fees) but rather supplement these approaches. The primary objective of the template should be to clearly indicate all of the potential fees that developers could encounter when constructing housing in the jurisdiction, including fees associated with special districts, affordability requirements and parkland dedications or in-lieu fees.

**3 | Jurisdictions should be required to provide a publicly available tool for calculating total project fees.** As cities, counties and special districts differ significantly in how they levy fees on housing developments, providing guidance on how to calculate the fee stack (the combined cost of all fees) for any given project is often necessary in order for developers to arrive at an accurate fee estimate.<sup>12</sup> Jurisdictions with simple fee structures could provide a fee estimate by building type — for example, a total fee estimate for duplexes. Jurisdictions with more complex fee structures could offer a fillable worksheet or calculator in which developers could input the specifics of the project and receive a summary of the fee stack. For example, The City of Turlock provides a fillable worksheet, and the City of Berkeley’s permit calculator shows one example of a calculator format (although it only computes permit fees, not total fees).<sup>13</sup> San Francisco is in the process of developing a robust impact fee calculator, which could serve as a model for other large jurisdictions.<sup>14</sup> For smaller jurisdictions, HCD should consider developing a fee estimate calculator that could be easily and widely adopted.

**4 | The total fee estimate should be provided or confirmed on the day the application, not the project, is deemed complete.** SPUR’s interviews found that unexpected fees or unexpected fee increases late in the development process are a common challenge. Currently, the timing of fees varies depending on both the jurisdiction’s development process and the type of fee.<sup>15</sup> Policy makers should consider requiring jurisdictions to provide a total fee estimate along with the formal letter acknowledging that an application has been deemed complete. This would complement the provision under SB 330 (Skinner, 2019) that limits jurisdictions’ ability to increase fees once an application is deemed complete.

Jurisdictions that rely on a cost-recovery method to cover their administrative costs should provide fee estimates for cost-recovery fees based on the averages of those fees from similar projects.

In addition, lawmakers could require jurisdictions to provide a preliminary fee estimate as part of the pre-application process, helping developers ballpark the total fees that would need to be paid and reducing the risk that an unknown fee surfaces later in the development process.

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<sup>12</sup> Raetz et al. See note 4.

<sup>13</sup> City of Turlock, “Development Fee Estimate,” <https://ci.turlock.ca.us/buildinginturlock/developmentfeeestimate/>; and City of Berkeley, “Building Permit Fee Estimator,” <https://www.cityofberkeley.info/permitfeeEstimator.aspx>

<sup>14</sup> San Francisco Planning, “Impact Fee Calculator,” <https://sfpcp.github.io/ifc/>

<sup>15</sup> Raetz et al. See note 4.

**5** | **The state should hold local jurisdictions accountable for fee transparency.** The tremendous number of cities that have yet to come into compliance with AB 1483 suggests that the state government should hold jurisdictions accountable for fee transparency in a more direct way. That would mean regularly assessing whether cities, counties and special districts are in compliance with AB 1483 and bringing proceedings against jurisdictions that are out of compliance.

In addition, HCD could require cities to have a baseline level of fee transparency in order to qualify for a Prohousing Designation (which makes cities more competitive for certain state affordable housing, transportation and infrastructure grants). Alternatively, HCD or the State Legislature could require cities to have a baseline level of fee transparency before the cities' housing elements are considered complete.<sup>16</sup> A city with an incomplete housing element risks state sanction and could lose the ability to deny certain zoning-compliant housing developments.

## Conclusion

Development fees and requirements can add significant costs to new housing development. The hidden and convoluted nature of these fees creates uncertainty in the process, thus deterring would-be developers and unnecessarily escalating project expenses in a state where it's already expensive to build. This increased cost and uncertainty threatens to reduce the production of both market-rate and affordable housing. AB 1483 mandates transparency in development fees across the state and is a critical step forward; however, a significant number of jurisdictions are not yet adhering to the provisions of the bill. Making development fees and requirements transparent and accessible to the public, in every jurisdiction across the state, is one meaningful step toward solving California's housing affordability crisis.

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<sup>16</sup> Housing elements are plans that the state requires each city and county to prepare. They provide an analysis of a jurisdiction's housing needs for all income levels and strategies to provide for those housing needs. They are a key part of each jurisdiction's general plan.

# Appendix

SPUR surveyed the websites of the following 60 jurisdictions (50 cities and 10 counties) for this report, and evaluated the accessibility of the information and documents required by AB1483.10 The 60 jurisdictions were selected to ensure a diversity of size and geography.

1. Anaheim
2. Auburn
3. Bakersfield
4. Berkeley
5. Bishop
6. Calexico
7. Campbell
8. Clovis
9. Coronado
10. Dana Point
11. Delano
12. El Cajon
13. Eureka
14. Foster City
15. Fresno
16. Hemet
17. Humboldt County
18. Huron
19. La Palma
20. Larkspur
21. Lathrop
22. Livermore
23. Los Gatos
24. Mammoth Lakes
25. Modesto
26. Mono County
27. Montebello
28. National City
29. Newark
30. Newman
31. Oceanside
32. Orange County
33. Oxnard
34. Palm Springs
35. Palmdale
36. Pismo Beach
37. Redding
38. Riverside
39. Sacramento
40. San Bernardino County
41. San Diego
42. San Francisco
43. San Joaquin County
44. San Jose
45. San Juan Capistrano
46. San Luis Obispo County
47. San Mateo County
48. Santa Ana
49. Santa Barbara County
50. Santa Clarita
51. Santa Rosa
52. Solano County
53. Sonoma County
54. South Lake Tahoe
55. South San Francisco
56. Stockton
57. Torrance
58. Turlock
59. Upland
60. Yuba City



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