DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT DIVISION OF HOUSING POLICY DEVELOPMENT

651 Bannon Street Sacramento, CA 95811 (916) 263-2911 / FAX (916) 263-7453 www.hcd.ca.gov



September 4, 2025

John Hildebrand, Planning Director County of Riverside 4080 Lemon Street, 12th Floor Riverside, CA 92501

Dear Russell Brady:

RE: Preliminary Application Fees - Letter of Technical Assistance

The California Department of Housing and Community Development (HCD) received a request for technical assistance regarding the County of Riverside's (County) practices for filing a Preliminary Application (PA)¹ pursuant to the Permit Streamlining Act (PSA)² and the Housing Accountability Act (HAA).³ HCD understands that although the County does not have an adopted fee specifically for PAs, the County nonetheless imposes a fee for their submission. This letter provides technical assistance regarding implementation of the PSA and HAA to explain why the County cannot impose a fee on preliminary applications without having adopted a fee specifically for that purpose.

Background

Through communication with County staff, HCD understands that the County typically applies an hourly "Research Fee" for PA submittals. County staff also explained to HCD that, alternatively, project applicants who submit a PA along with a request for the County's local, optional "Pre-Application Review" (PAR) process are charged a flat PAR fee identified in the County's fee schedule. The PAR is separate and distinct from the preliminary application under state law and entails initial review on the substance of a prospective project. HCD understands that it may take one to two weeks following preliminary application submittal to generate an invoice. This is notable as an applicant cannot establish preliminary application vested rights without having submitted the fee.

In sum, based on HCD's communication with County staff and the applicants who made the request to HCD, it appears there are impediments to filing a PA in the County, including unclear and inconsistent fee amounts and delays in submitting payment. Taken together, these practices create barriers to obtaining the benefits of the PA and conflict with the broader intent of the PSA to "ensure clear understanding of the specific

¹ Gov. Code, § 65941.1.

² Gov. Code, § 65920 et seq.

³ Gov. Code, § 65589.5.

requirements which must be met in connection with the approval of development projects (...)"⁴ including housing development projects.

Question 1: Can a local agency charge a fee for submitting a Preliminary Application if the local agency has not adopted a fee specifically for Preliminary Applications?

No. Government Code section 65941.1 of the PSA authorizes (though does not require) local agencies to charge "permit processing fee[s]" for the submission of PAs. Pursuant to subdivision (a) of Government Code section 65941.1, the PA is deemed submitted upon payment of the permit processing fee and the provision of all 17 items listed in statute in order to establish vested rights to the ordinances, policies, and standards⁵ adopted and in effect when the PA was submitted.

The PSA further requires that "[e]ach local agency shall compile a checklist and application form that applicants for housing development projects may use *for the purpose of satisfying the requirements for submittal of a preliminary application*" (emphasis added).⁶ Therefore, the local agency <u>must</u> formally establish and publish a PA fee as part of a checklist or application form for preliminary applications.⁷ Without publicly available fee information, an applicant is unable to submit a PA that satisfies Government Code section 65941.1, subdivision (a). Without an adopted and published PA fee, the County cannot impose an unspecified, hourly research fee as a prerequisite for "satisfying the requirements for submittal" of a PA.

Transparency in all aspects of the housing development review process, including fee requirements, has been a focus of the Legislature in recent years. AB 602 (Chapter 347, Statutes of 2021, effective January 1, 2022) amended the PSA by requiring all local agencies that have a website to make all required impact fees, exactions, and affordability requirements applicable to a proposed housing development project available on that website.⁸ Additionally, the PSA requires each public agency to compile one or more lists that shall specify in detail the information that will be required from any applicant for a development project.⁹

⁴ Gov. Code, § 65921.

⁵ Pursuant to Gov. Code § 65589.5, subd.(o)(4), ordinances, policies, and standards include general plan, community plan, specific plan, zoning, design review standards and criteria, subdivision standards and criteria, and any other rules, regulations, requirements, and policies of a local agency, as defined in Government Code Section 66000, including those relating to development impact fees, capacity or connection fees or charges, permit or processing fees, and other exactions.

⁶ Gov. Code § 65941.1, subd. (c)

⁷ Pursuant to Gov. Code, § 65941.1, subd.(c)(2), where a local agency has not developed its own application form, applicants for housing development projects may use the HCD standardized form.

⁸ Gov. Code, § 65940.1, subd.(a)(1)(A)(i).

⁹ Gov. Code § 65940 subd. (a)(1)

Lastly, without formally adopting a fee there are no assurances that the fee imposed would not exceed "the amount reasonably necessary to cover the cost of . . . [the] service provided by the local agency." ¹⁰ The local agency's scope of review for a PA is narrow and therefore any fee should reflect solely the reasonable cost of ensuring that all 17 items are present in the PA. ¹¹ This standard of review applies even if an applicant has simultaneously submitted a County PAR, as that process should not be conflated with the preliminary application under state law.

Question 2: Is a local agency required to facilitate concurrent Preliminary Application submittal and fee payment?

As noted above, the PSA provides that a PA is deemed submitted upon providing all of the required 17 items and upon payment of the "permit processing fee." HCD understands that applicants for development projects in the County cannot submit the fee concurrent with the PA. This practice is likely to cause confusion, delay and potential added costs for housing development project applicants. HCD recognizes that administrative processes may make it infeasible to invoice an applicant at the same time as the PA submittal; nonetheless, the lack of predictable invoice timing is concerning and inconsistent with the intent of the PSA and HAA regarding vested rights. Accordingly, the County should make every effort to facilitate fee payment as expeditiously as possible. 12 Note that this issue is contingent on the County adopting a PA-specific fee; as noted in Question 1, no fee should be charged until that time.

Housing Element – Program H-8, Processes and Procedures

Riverside County's adopted 6th Cycle Housing Element includes *Action H-8: Review County Processes and Procedures (housing development)*. Action H-8 commits to biannual review of "building code, zoning ordinance, subdivision ordinance, and processing procedures to identify and *modify process requirements . . . and/or fees that could create an impediment to the cost of housing*" (emphasis added). ¹³ Evaluation of impediments in the County's processing and/or fee practices, and changes responsive to those impediments, is necessary to implement the County's housing element program commitments.

¹⁰ Gov. Code, § 66023, subd(a)(1)(A).

¹¹ See previous HCD technical assistance to <u>Monterey County</u> and the <u>Town of Los Gatos</u> regarding the narrow scope of review for Preliminary Applications.

¹² See also HCD technical assistance to the <u>Town of Los Gatos</u> regarding development application fee payment.

¹³ Riverside County 6th Cycle Housing Element Update, pg. H-14.

Conclusion

In conclusion, the County must adopt and publish a fee specifically for Preliminary Applications in order to impose one, and the County must not impose a fee on PAs until that time. Additionally, the County should make every effort to facilitate concurrent fee payment so as not to undermine the intent of PA vesting rights. HCD remains committed to supporting the County of Riverside in facilitating housing at all income levels and hopes the County finds this clarification helpful.

HCD requests a written response from the County by October 4, 2025 indicating how the County plans to implement the guidance provided in this letter. If you have questions or need additional information, please contact Lisa Frank at Lisa.Frank@hcd.ca.gov.

Sincerely,

Melinda Coy

Housing Accountability Unit Chief