City of Hesperia
STAFF REPORT

DATE: August 18, 2026

TO: Mayor and Council Members
Chair and Board Members, Hesperia Water District

FROM: Rachel Molina, City Manager

BY: Orlando Acevedo, Director of Development Services

SUBJECT: Development Impact Fee (DIF) Program Overview

RECOMMENDED ACTION

It is recommended that the City Council receive and file this report regarding the status and administration of the City's Development Impact Fees (DIF).

BACKGROUND

At the recent request of Council Member Gregg, this DIF Program overview is presented this evening for informational purposes only.

Development Impact Fees (DIFs) are one-time fees charged to new development to help fund public facilities and infrastructure needed to serve growth. California Government Code Section 66000 authorizes cities to establish these fees.

ISSUES/ANALYSIS

This report provides an overview of the City's Development Impact Fees (DIF), including the current fee schedule and discount rate, the history of recent fee adjustments, and a comparison of Hesperia's fees with those of neighboring jurisdictions, Victorville and Apple Valley.

To ensure fees remain aligned with projected growth and infrastructure needs, cities periodically conduct Nexus Studies to evaluate eligible projects, costs, and fee levels. The City last completed a Nexus Study in 2018, which established the maximum allowable DIF rates (Table 1). At that time, the City Council also adopted a discounted fee schedule that reduced the amount charged below the maximum rates.

Table 1: 2018 Nexus Study Maximum Fee

Category	Single Family Residence	Multi-Family Residence	Commercial/Office/ Retail (per 1k SF)	Industrial (per 1k SF)	Hotel/Motel (per Room)
Fire Suppression	$648	$491	$187	$908	$437
Police Facilities	$10	$8	$4	$16	$8
Animal Control	$227	$176	$0	$0	$0
City Hall	$546	$424	$194	$856	$412

Table 1: 2018 Nexus Study Maximum Fee					
Category	**Single Family Residence**	**Multi-Family Residence**	**Commercial/Office/ Retail (per 1k SF)**	**Industrial (per 1k SF)**	**Hotel/Motel (per Room)**
Records Storage	$26	$20	$9	$41	$20
Drainage	$1,387	$529	$432	$910	$306
Transportation	$18,891	$13,087	$26,195	$13,759	$17,608
Total Maximum	**$21,735**	**$14,735**	**$27,021**	**$16,490**	**$18,791**

In 2022, the City updated its DIF schedule (Table 2) by reducing the discount applied to the 2018 maximum rates, resulting in higher collected fees compared to the prior discounted schedule (Table 3). The adjustment was made in response to rising capital improvement costs and the need to maintain alignment with inflation and infrastructure funding needs, as noted in the 2022 staff report.

Table 2: Current DIF Fees as of April 22, 2022					
Category	**Single Family Residence**	**Multi-Family Residence**	**Commercial/Office/ Retail (per 1k SF)**	**Industrial (per 1k SF)**	**Hotel/Motel (per Room)**
Fire Suppression	$648	$491	$187	$908	$437
Police Facilities	$10	$8	$4	$16	$8
Animal Control	$227	$176	$0	$0	$0
City Hall	$546	$424	$194	$856	$412
Records Storage	$26	$20	$9	$41	$20
Drainage	$1,387	$529	$300	$910	$306
Transportation	$12,371	$8,667	$6,000	$2,703	$11,971
Total Current	**$15,215**	**$10,315**	**$6,694**	**$5,434**	**$13,154**

Table 3: Discount Rate Comparison					
Category	**2018 Max Fee**	**2018 Discount Fee**	**2018 Percent Reduction**	**Current Discount Fee**	**Current Percent Reduction**
Single Family Residence	$21,735	$12,352	-43%	$15,215	-30%
Multi-Family	$14,735	$8,381	-43%	$10,315	-30%
Commercial/Office/Retail (per 1k SF)	$27,021	$6,694	-75%	$6,694	-75%
Industrial (per 1k SF)	$16,490	$3,934	-76%	$5,434	-67%
Hotel/Motel (per Room)	$18,791	$7,389	-61%	$13,154	-30%

Note: Other fees include park fees, school fees, and Assessment District 91-1 buy-in fees. In 2025, pursuant to a court order, the City ceased collection of A-04 Drainage fees.

Regional Fee Comparisons

Hesperia DIFs are generally lower than those of neighboring jurisdictions and vary by category (Tables 4 and 5). Development impact fees vary by jurisdiction, and each agency may calculate and apply fees differently. As a result, the totals shown should be viewed as general comparisons and may not reflect the actual fees for a specific project. Actual fees for a specific development project may vary based on factors such as project type, building size, utility requirements, drainage improvements, and park-related fees.

Table 4: Regional Fee Comparison Estimates: Single Family and Multi-Family Residential Types*

Jurisdiction	Detached / Single-Family Per Unit	Attached / Multi-Family Per Unit
Hesperia	$15,215 (plus $5,461 park fee per unit in new tracts)	$10,315
Victorville	$23,777 (plus .2% admin fee)	$16,097 (plus .2% admin fee)
Apple Valley	$22,149	$12,954

Table 5: Regional Fee Comparisons Estimates: Non-Residential Uses

Jurisdiction	Commercial/Retail/Office Per Square Foot	Industrial Per Square Foot	Hotel Per Room
Hesperia	$6.70	$5.44	$13,154
Victorville	$10.77 (plus $24,886 per acre drainage fee and $3,209 sewer fee per Equivalent Dwelling Unit and .2% admin fee)	$1.21-$4.69 (varies based on type) (plus $24,886 per acre drainage fee and $3,209 sewer fee per Equivalent Dwelling Unit and .2% admin fee)	$4,677 (plus $24,886 per acre drainage fee and $3,209 sewer fee per Equivalent Dwelling Unit and .2% admin fee)
Apple Valley	$7.86	$3.41	$4,722 TIF $1,014 all other fees

Summary of Development Impact Fees

- **Eligible Use:** DIF revenues may only be used to fund capital improvements needed to serve new development. DIFs are not used for maintenance or repair of existing infrastructure or facilities which are typically funded through other sources including taxes and/or grants.

- **Applicability of Development Impact Fees:** Recent changes in state law and court decisions have affected the types of development that may be subject to DIFs. Periodic updates to the City's Nexus Study help ensure consistency with current legal, legislative, and regulatory requirements.

- **Current Discount Rate:** The City Council established a discounted DIF rate in 2018 and modified the discount in 2022. The discounted rates result in lower fees being collected than the maximum amounts supported by the City's Nexus Study. As a consequence, other funding sources that could otherwise be used for maintenance (street repaving, for example), are used for the construction of DIF capital projects, thus reducing the city's capacity to adequately fund and maintain its existing infrastructure.

- **Growth and Infrastructure Planning:** The City has experienced continued growth since the adoption of the 2018 Nexus Study. Periodic review of the DIF program helps ensure alignment with the City's growth, Capital Improvement Program, and General Plan. Following the guidance of the Strategic Plan, staff is preparing to commence a new Nexus Study in Fiscal Year 2027-28.

CITY GOAL SUPPORTED BY THIS ITEM

Future Development - Facilitate balanced growth to ensure cohesive community development and pursue economic development

Financial Health - Maintain a balanced budget and adequate reserves.

Capital Improvement - Continually evaluate capital improvement priorities.

FISCAL IMPACT

This item is for informational purposes only at this time. Any future changes to the City's DIF program, including preparation of an updated Nexus Study, would require future City Council direction and budget authorization.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

None