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**AB-874 Mitigation Fee Act: waiver of fees: affordable rental housing.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 874**

**Introduced by Assembly Member Ávila Farías**

**February 19, 2025**

An act to add Section 66007.5 to the Government Code, relating to land use.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 874, as introduced, Ávila Farías. Mitigation Fee Act: waiver of fees: affordable rental housing.

Existing law, the Mitigation Fee Act, imposes certain requirements on a local agency that imposes a fee as a condition of approval of a development project that is imposed to provide for an improvement to be constructed to serve the development project, or a fee for public improvements, as specified. The act also regulates fees for development projects and fees for specific purposes, including water and sewer connection fees, among others. The act, among other things, requires local agencies to comply with various conditions when imposing fees, extractions, or charges as a condition of approval of a proposed development or development project. The act prohibits a local agency that imposes fees or charges on a residential development for the construction of public improvements or facilities from requiring the payment of those fees or charges until the date of the final inspection or the date the certificate of occupancy is issued, whichever occurs first, except for utility service fees, as provided.

This bill would require a local agency to waive fees or charges that are collected by a local agency to fund the construction of public improvements or facilities for residential developments subject to a regulatory agreement with a public entity, as provided, that includes certain income and affordability requirements. The bill would exclude from this requirement those fees or charges, as applicable, for the construction or reconstruction of school facilities or that cover the cost of code enforcement, inspection services, or other fees collected to pay for the cost of enforcement of local ordinances or state law.

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

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

**SECTION 1.** Section 66007.5 is added to the Government Code, to read:

**66007.5.** (a) Notwithstanding Section 66007, and except as provided in subdivision (b), a local agency shall waive a fee or charge, imposed pursuant to this chapter and as further described in subdivision (b), for a residential development subject to a

regulatory agreement with a public entity for a term of at least 55 years in which at least 49 percent of the total units, exclusive of manager 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.

(b) (1) This section shall not apply to fees or charges levied pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code.

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