



Building Communities. Changing Lives.

January 6, 2026

The Honorable Anamarie Ávila Farías
California State Assembly
1021 O St., Suite 6140
Sacramento, CA 95814

RE: AB 874 (Ávila Farías) – Impact Fee Deferral Repayment Program – SUPPORT

Dear Assemblymember Ávila Farías:

MidPen Housing is pleased to support AB 874, which would make it easier to build affordable housing while allowing non-local educational agencies that rely on impact fees to be repaid over time.

MidPen Housing is one of the nation’s leading nonprofit developers, owners, and managers of high-quality, affordable housing and onsite resident services. Since MidPen was founded in 1970, we have developed 139 communities and over 10,000 homes for low-income families, seniors and those with supportive housing needs throughout Northern California.

AB 874 allows impact fees for 100% affordable rental housing to be repaid over 55 years, which is the length of the affordability term, and affordable ownership projects to be deferred over 30 years. The deferral would be provided in the form of a deferred impact fee (DIF) note and be repaid through a project’s cash flow with an annual interest rate of no more than 3%. Alternatively, a local government could choose to eliminate or waive fees altogether.

From a financing perspective, DIF notes would reduce project costs for affordable housing by the full amount of applicable impact fees (because they would no longer be a capitalized cost). This is a significant improvement over current law that defers impact fees until Certificate of Occupancy, which still requires impact fees to be paid early out of permanent financing.

The bill does not apply to school fees, connection fees, fees collected to cover the cost of code enforcement or inspection services, or fees collected to pay for the cost of enforcement of local ordinances or state law.

For these reasons, we are pleased to support AB 874. Thank you for authoring this important legislation. Please feel free to contact Nevada V. Merriman, Vice President of Policy & Advocacy, at 650-477-6195 or nmerriman@midpen-housing.org.

Best Regards,



Matthew O. Franklin
President and CEO

CC: Nevada V. Merriman, Vice President of Policy & Advocacy, MidPen Housing