

IMPACT FEE PROGRAM UPDATE

SANTA ROSA CITY COUNCIL

May 22, 2018

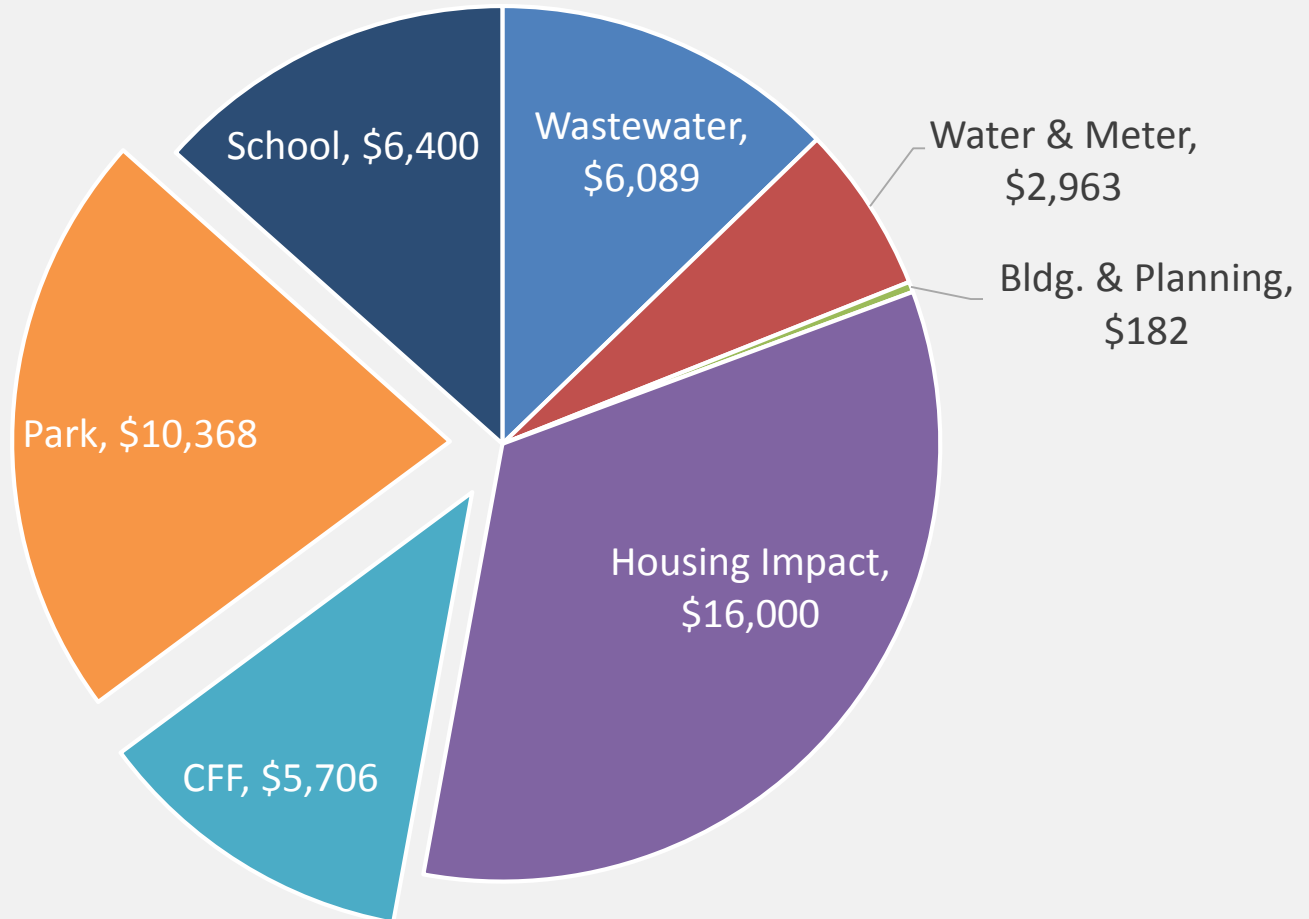


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Planning and Economic Development Department

IMPACT FEES INCLUDED IN THE UPDATE

- Capital Facilities Fee (CFF)
- Southwest Area Development Impact Fee (SWADIF)
- Southeast Area Development Impact Fee (SEADIF)
- Park Impact Fee

CURRENT CITY & SCHOOL IMPACT FEES – SINGLE FAMILY DETACHED UNIT, NORTHWEST QUADRANT



Total City & School District Fees = \$47,708

STUDY OBJECTIVES

- Update nexus analyses
- Increase flexibility on use of revenues citywide
- Use a market-based development forecast
- Evaluate financial flexibility

**IMPACT FEES DO NOT APPLY TO REPLACEMENT OF
EXISTING HOUSING UNITS OR
COMMERCIAL/INDUSTRIAL SPACE, INCLUDING UNITS
DESTROYED BY 2017 WILD FIRES**

SWADIF & SEADIF: EXISTING PROGRAM

- Mostly transportation and utility improvements
- Adopted in 1995
- Limited to SW & SE areas
- Planned improvements mostly completed or transferred to CFF

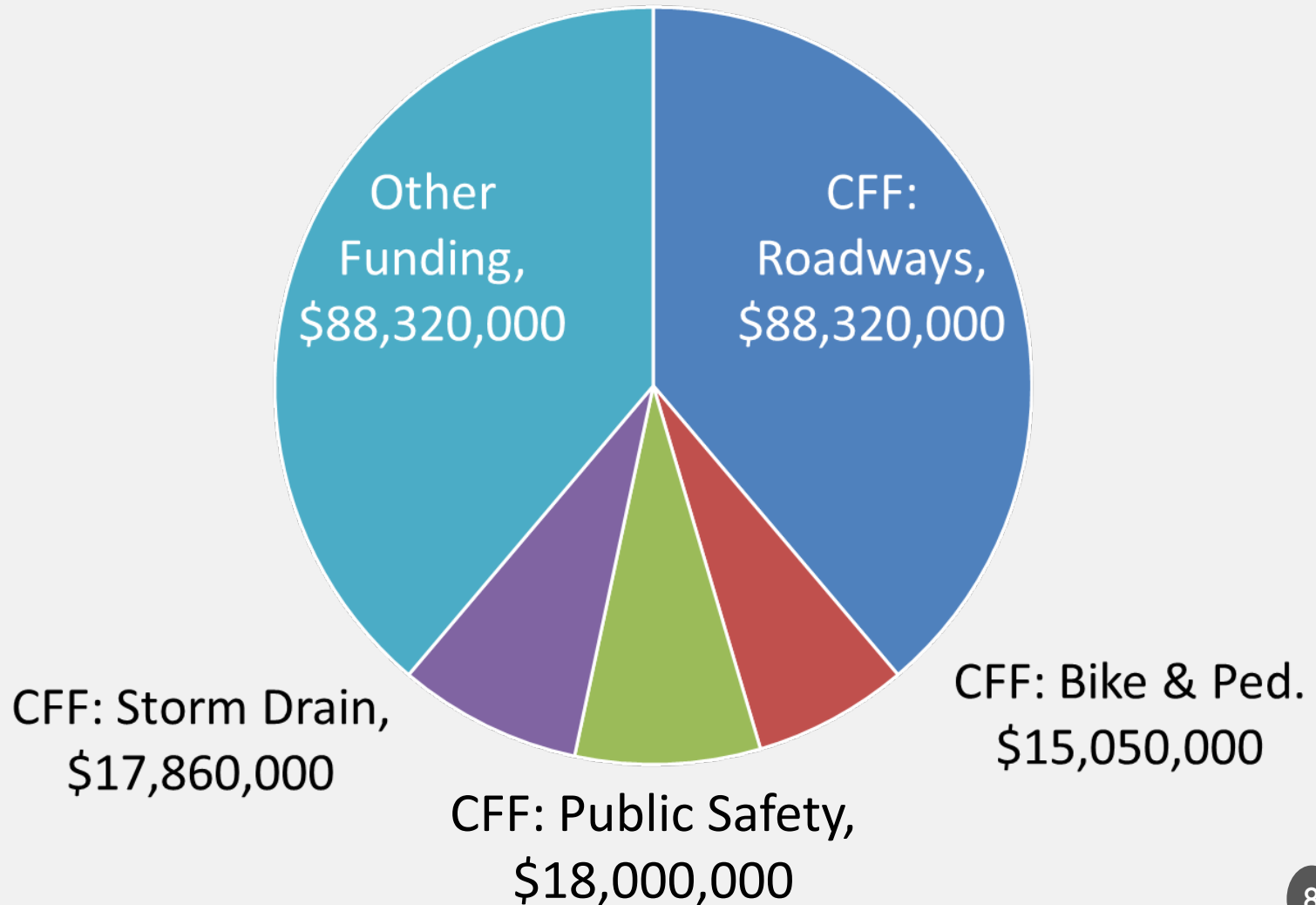
CAPITAL FACILITIES FEE: EXISTING PROGRAM

- Funds wide range of improvements citywide
 - Transportation
 - Public safety
 - Library
 - Storm drain
- Fee based on
 - Specific list of capital projects
 - Estimated costs
 - Buildout growth

SWADIF, SEADIF, CFF: RECOMMENDATIONS

- Change nexus approach to focus on maintaining existing facility standards
- Terminate SWADIF & SEADIF
- Increase CFF to offset loss of SWADIF & SEADIF (revenue neutral)
- Credit & reimbursement program: limit to improvements included in CIP

CFF: CAPITAL IMPROVEMENT PLANNING TO 2040



PARK FEE: EXISTING PROGRAM

- Ordinance includes
 - Park land dedication requirement & in-lieu fee
 - Park development fee
- Separate fees collected in four quadrants
 - Fees vary from average by +/- 10%
 - 1/3 of fee revenue may fund projects outside quadrant

PARK FEE: RECOMMENDATIONS

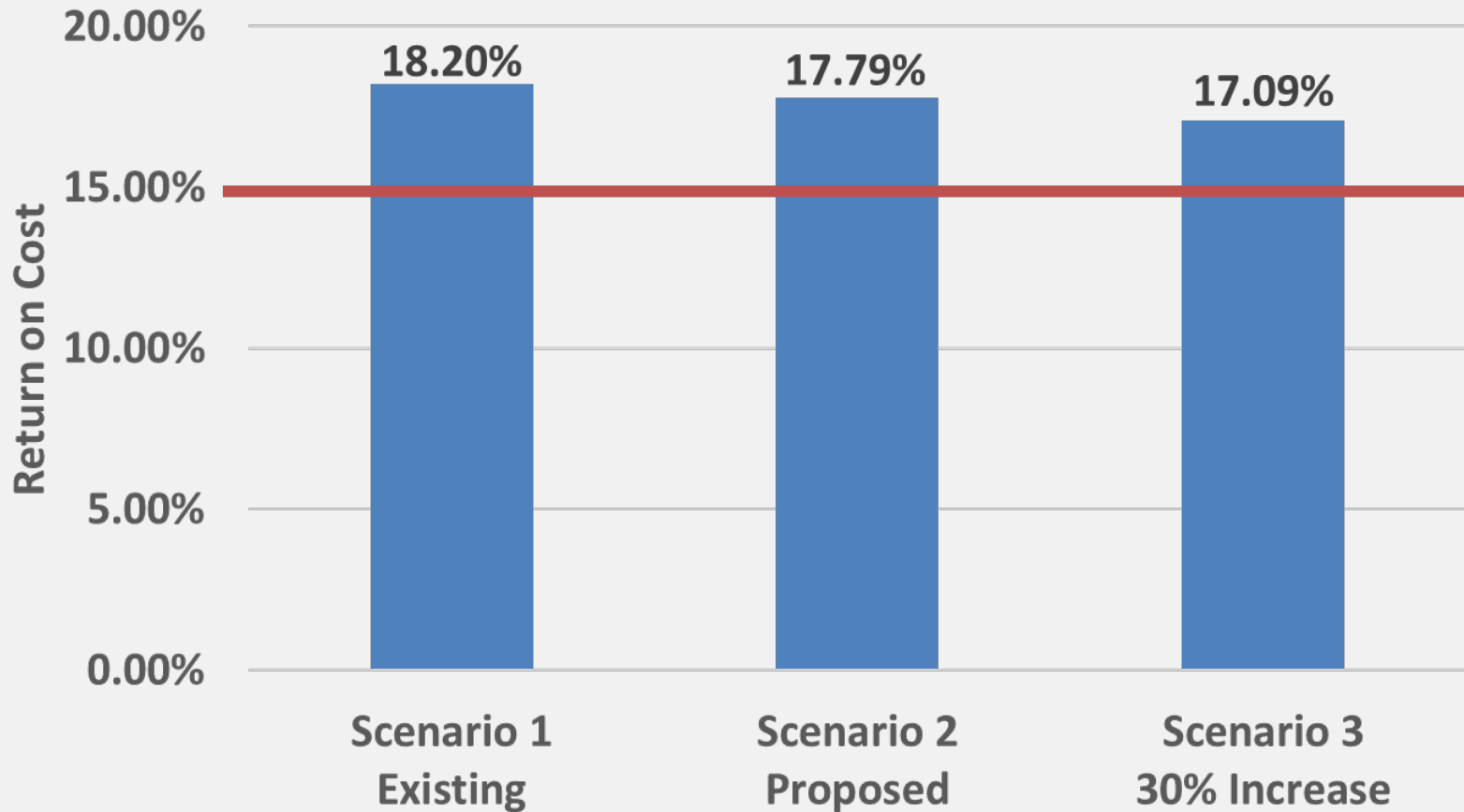
- Equalize fees across four quadrants
- Combine park land dedication in-lieu fee and park impact fee
- Increase revenue available for citywide projects from 1/3 to 1/2 of quadrant revenue

FINANCIAL FEASIBILITY ANALYSIS: APPROACH

- 6 prototypes development projects
 - 3 residential
 - 3 commercial
- 3 fee scenarios
 - Scenario 1: Existing CFF and park impact fees
 - Scenario 2 (proposed): Revenue-neutral CFF increase to replace SWADIF and SEADIF; equalize the park impact fee across quadrants.
 - Scenario 3: Increase 30 percent over scenario 2 CFF / park fees
- Assume Northwest quadrant fee levels

Financial Feasibility Results: Northwest Quadrant

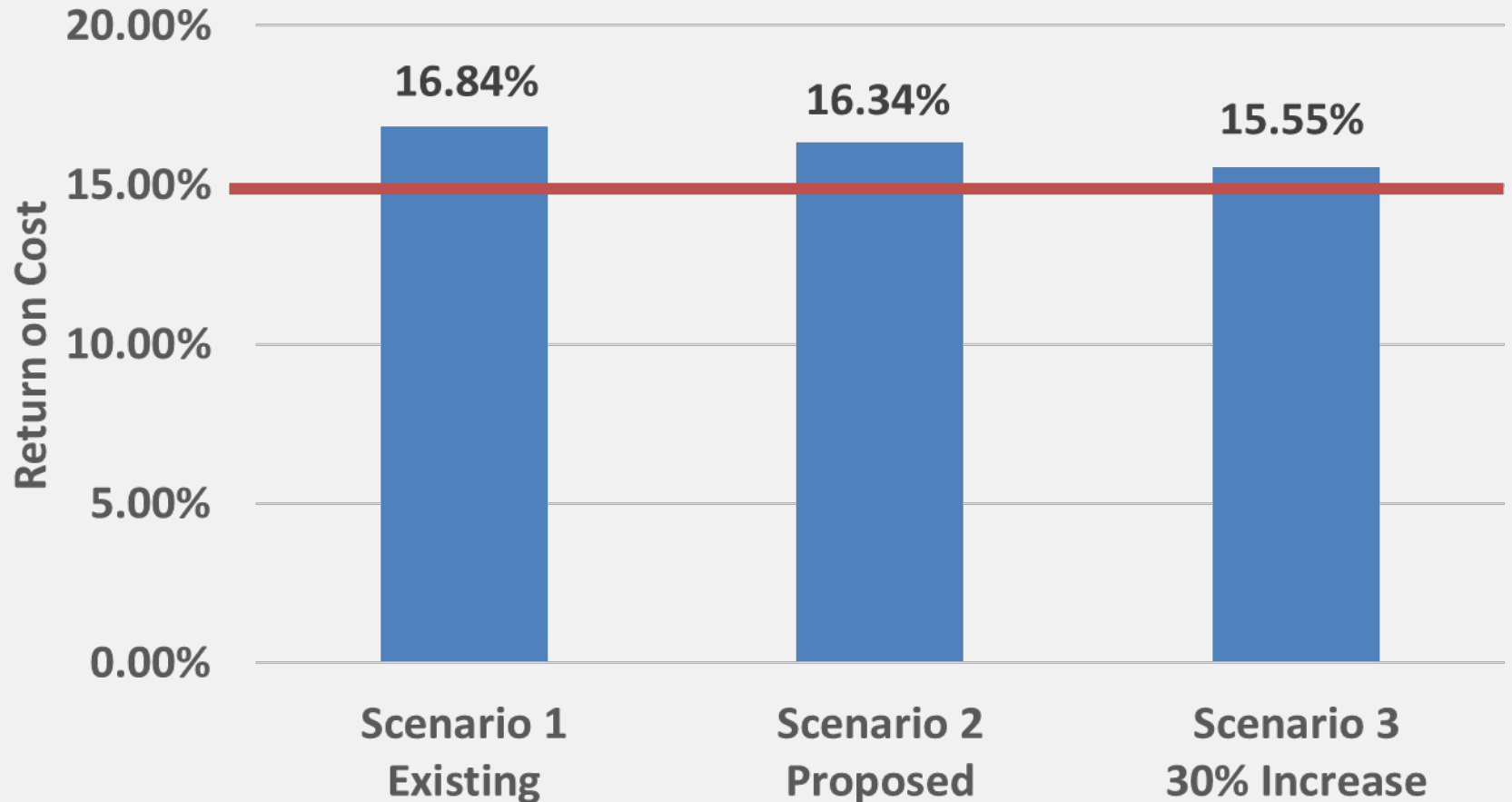
Single Family Detached



— Feasibility Threshold

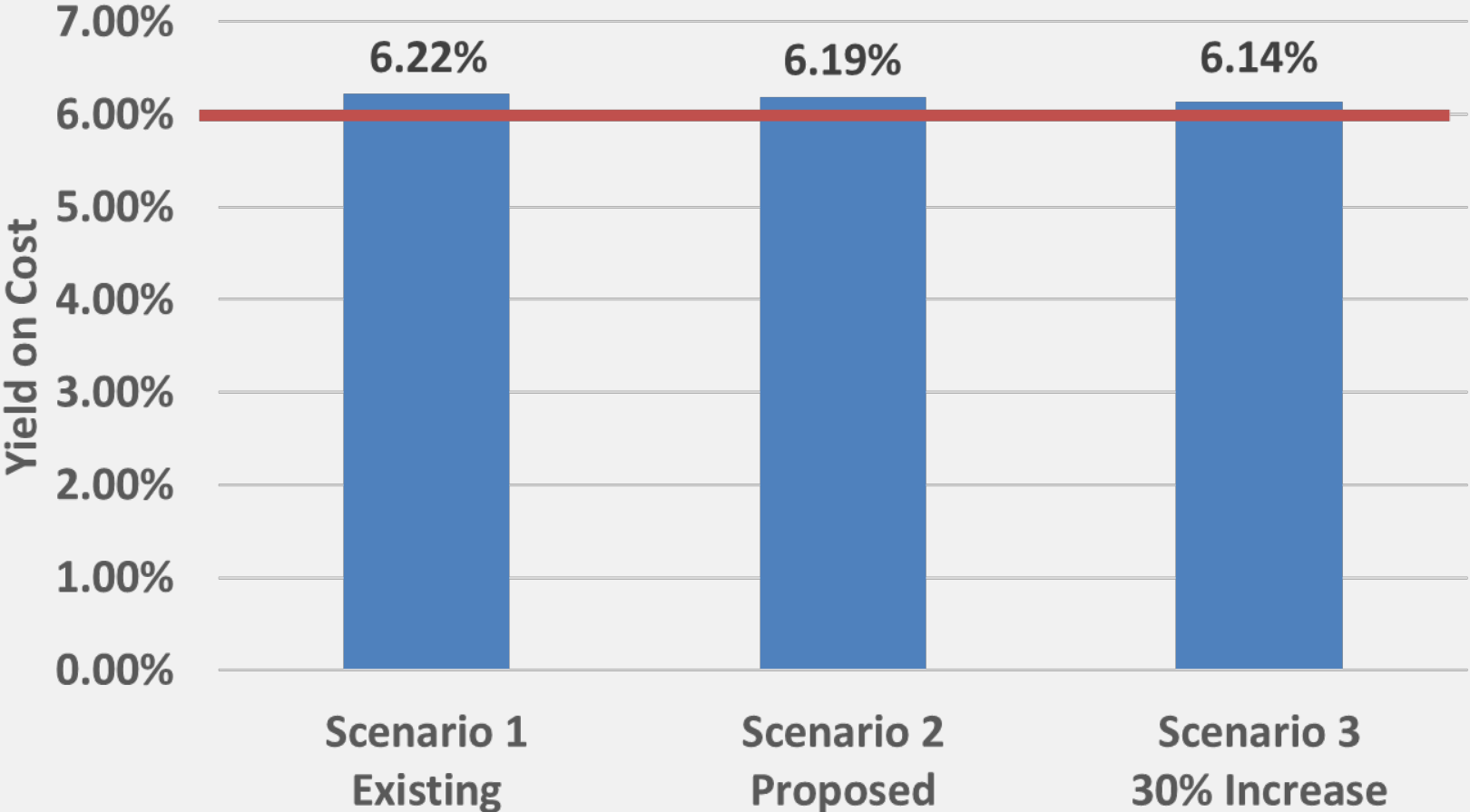
Financial Feasibility Results: Northwest Quadrant

Single Family Attached



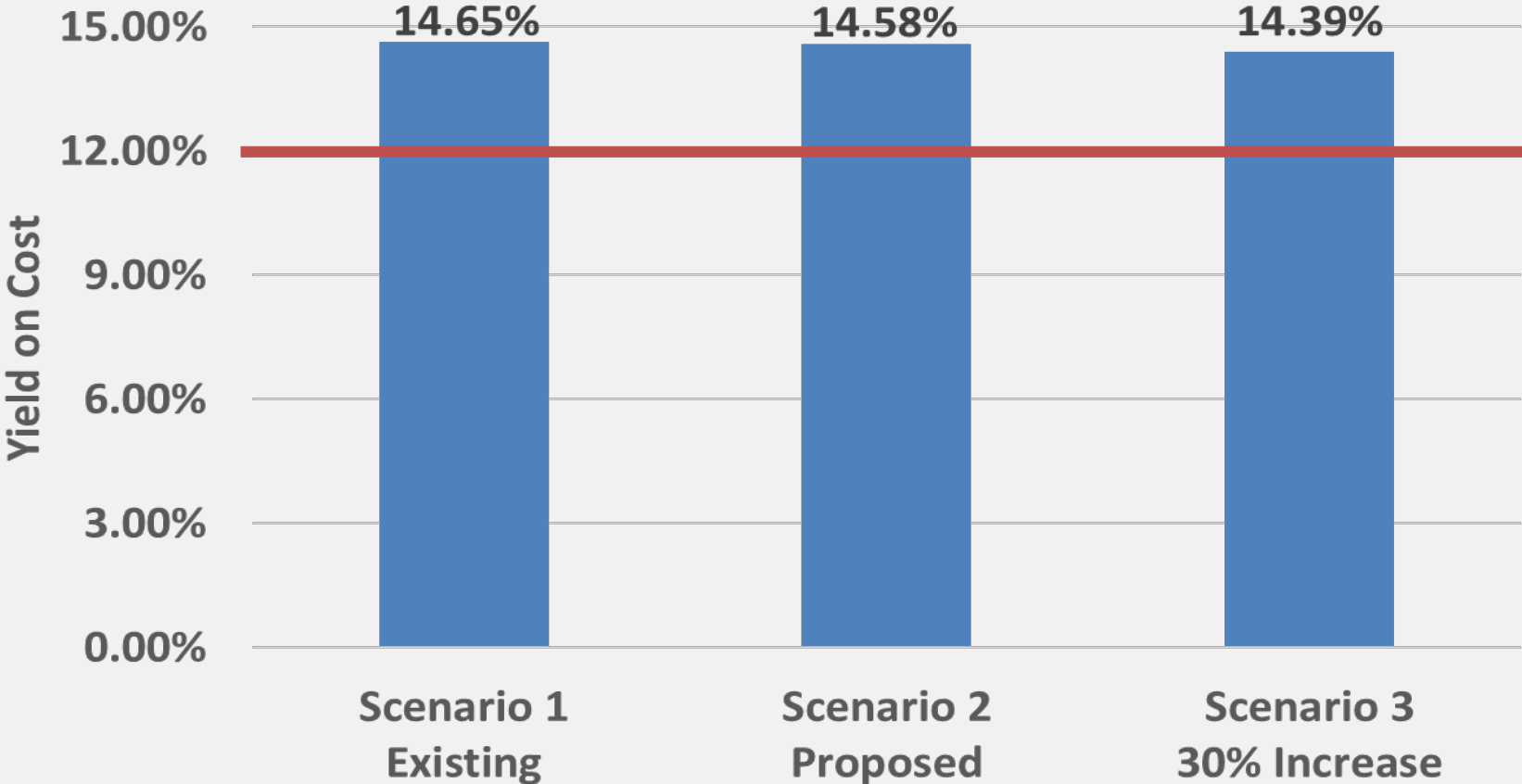
— Feasibility Threshold

Financial Feasibility Results: Northwest Quadrant *Apartment*



— Feasibility Threshold

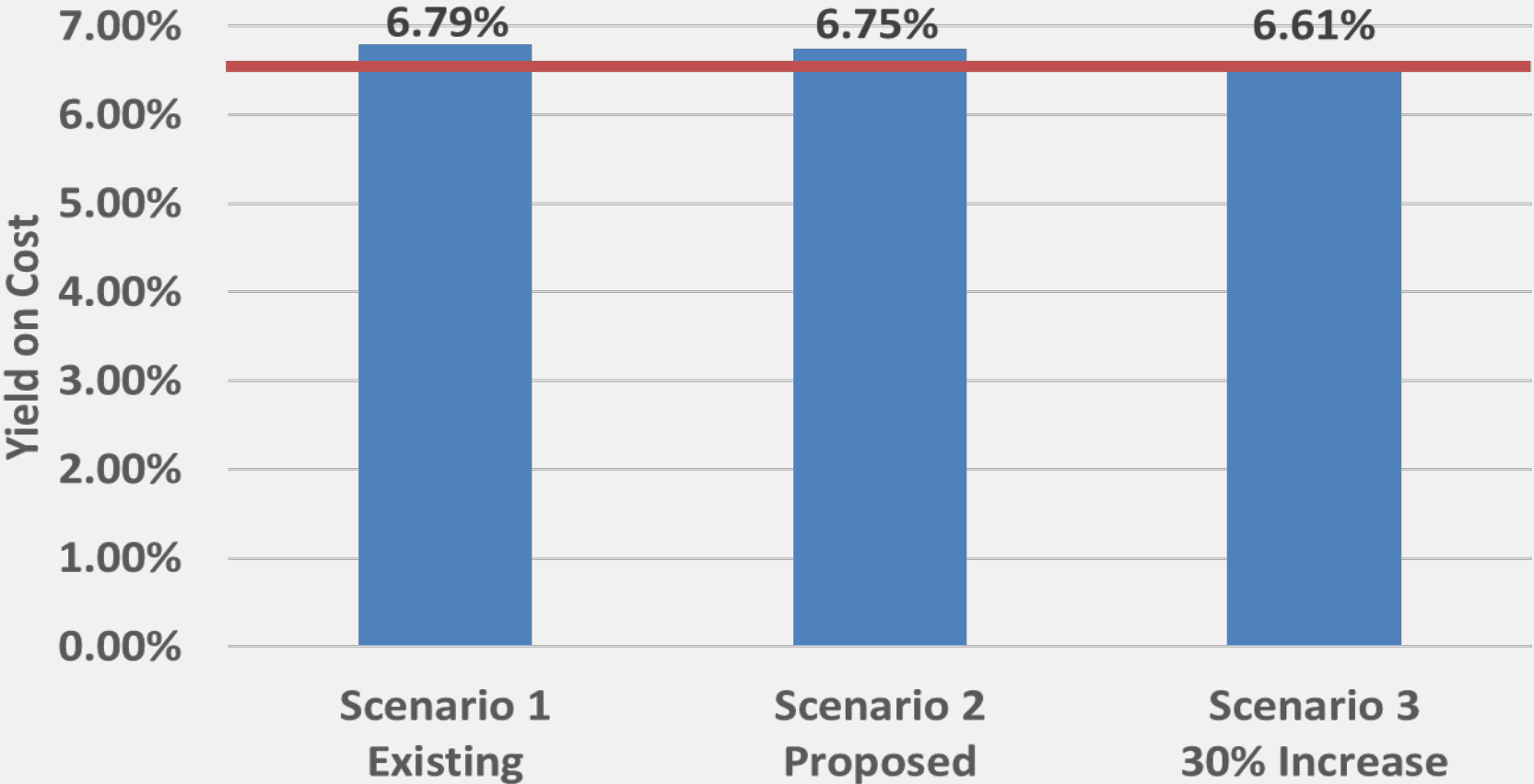
Financial Feasibility Results: Northwest Quadrant Hotel



— Feasibility Threshold

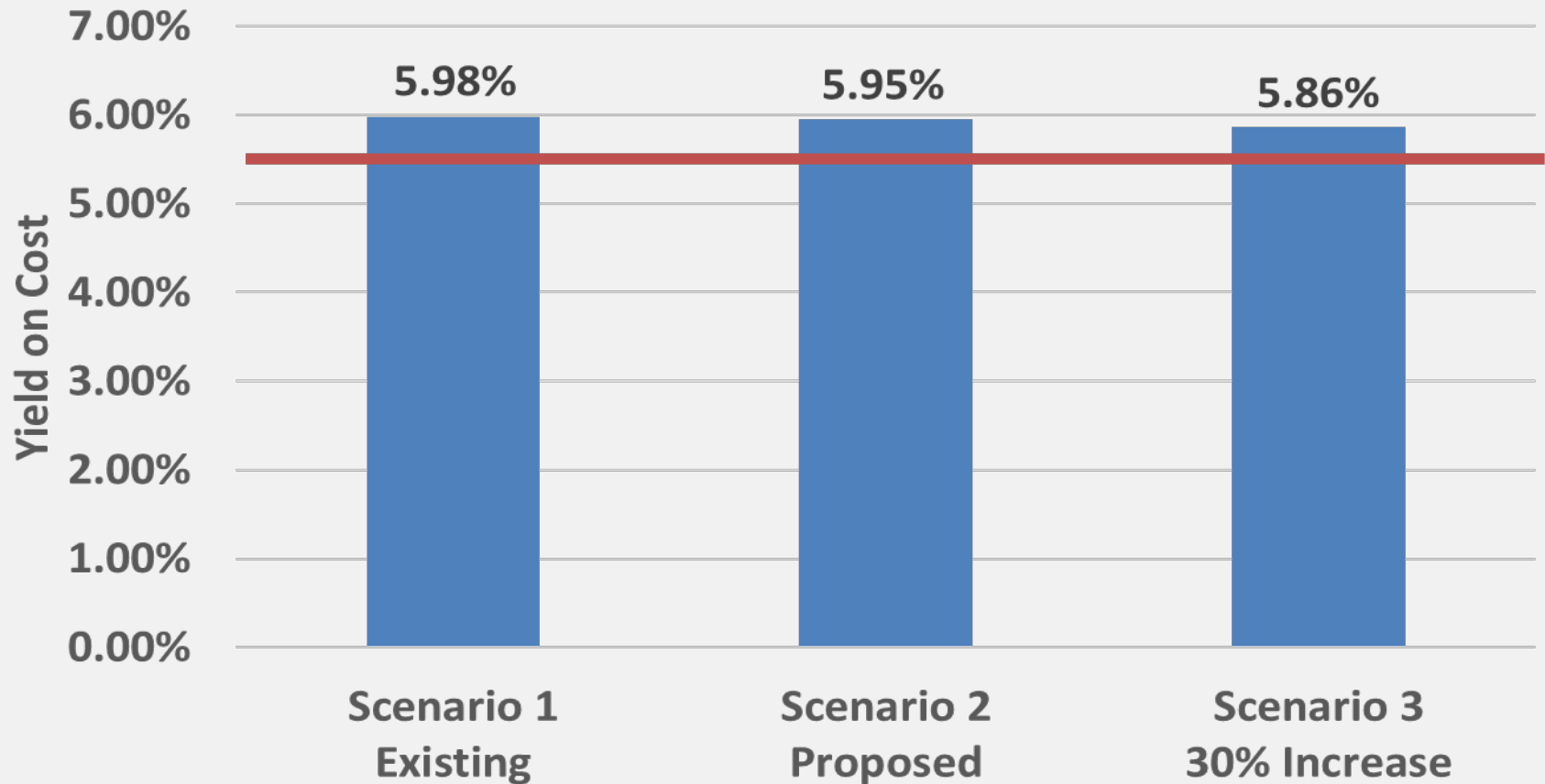
Financial Feasibility Results: Northwest Quadrant

Retail/Restaurant/Services



— Feasibility Threshold

Financial Feasibility Results: Northwest Quadrant *Business Park / Light Industrial*



— Feasibility Threshold

FINANCIAL FEASIBILITY ANALYSIS: RETURN ON INVESTMENT RESULTS

- Scenario 1 (existing): Three prototypes are marginal; others OK
- Scenario 2 (proposed): All prototypes remain financially feasible
- Scenario 3: All prototypes remain financially feasible but most are close to feasibility threshold

SUMMARY OF RECOMMENDATIONS

1. Terminate SWADIF & SEADIF programs
2. Increase CFF to offset revenue SWADIF & SEADIF loss (revenue neutral)
3. Add flexibility to use park fees for citywide projects
4. Equalize park fees across all four quadrants (revenue neutral)



NEXT STEPS

- Effective Date after adoption: July 6, 2018
- Downtown Overlay to address increase density
- Inclusionary Housing Fee and Commercial Linkage Fee Analysis

RECOMMENDATION

It is recommended by the Planning & Economic Development, Transportation & Public Works, and Recreation & Parks Departments that the Council:

1. Adopt, by motion, the Impact Fee Program Update Report; and
2. Introduce two ordinances, one to amend City Code Sections pertaining to the Capital Facilities Fee (CFF) (Chapter 21-04), and repealing the Southwest Area Development Impact Fee (SWADIF) and Southeast Area Development Impact Fee (SEADIF), and the other to amend City Code Sections pertaining to Park Impact Fee (Chapter 19-70); and
3. Adopt, by two resolutions, revised CFF and Park Fees; and
4. Adopt, by resolution, a revised Council policy for CFF credit/reimbursement