



Development Fees

Public Hearing

The purpose of this item is for council to:

1. Consider an ordinance adopting updated impact fees and excise taxes, and
2. Provide final direction on the affordable housing commercial linkage fee

NOVEMBER 15, 2016

CITY OF BOULDER, TISCHLERBISE, KEYSER MARSTON ASSOCIATES

Agenda

1. Staff Presentation

- Introduction, Project Objectives
- Capital Facility Impact Fees & Transportation Fee/Tax
- Affordable Housing Commercial Linkage Fee
- Recap and Next Steps

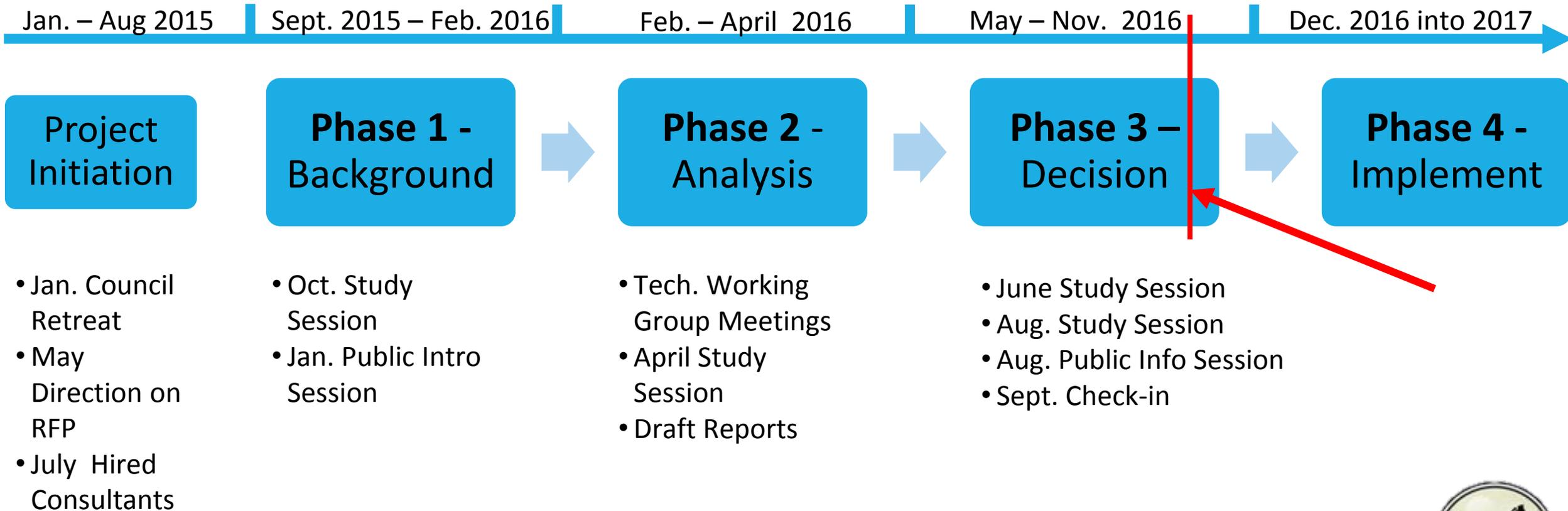
2. Questions for Staff

3. Public Hearing

4. Council discussion and decision



2016 Update – Project Timeline



Public Feedback

Public Introductory Seminar

Technical Working Group

Public Information Session

Targeted Outreach



Development-Related Impact Fee & Excise Taxes Project Overview

June 2015 - Feb 2016 | Phase 1 - Background | July - April 2016 | Phase 2 - Analysis | May - August 2016 | Phase 3 - Decision | Sept. 2016 - May 2017 | Phase 4 - Implement

How can you stay informed and involved?

Project Website:
<http://boi.colorado.gov/development-impact-fees-casual-study>

City Council Study Session - April 12
Public Information Session - June 13
City Council Study Session - June 14

Contact Chris Meschuk, Project Manager
(303) 441-4293 cmeschuk@coloradoboulder.gov

Introductory Seminar
February 1, 2016



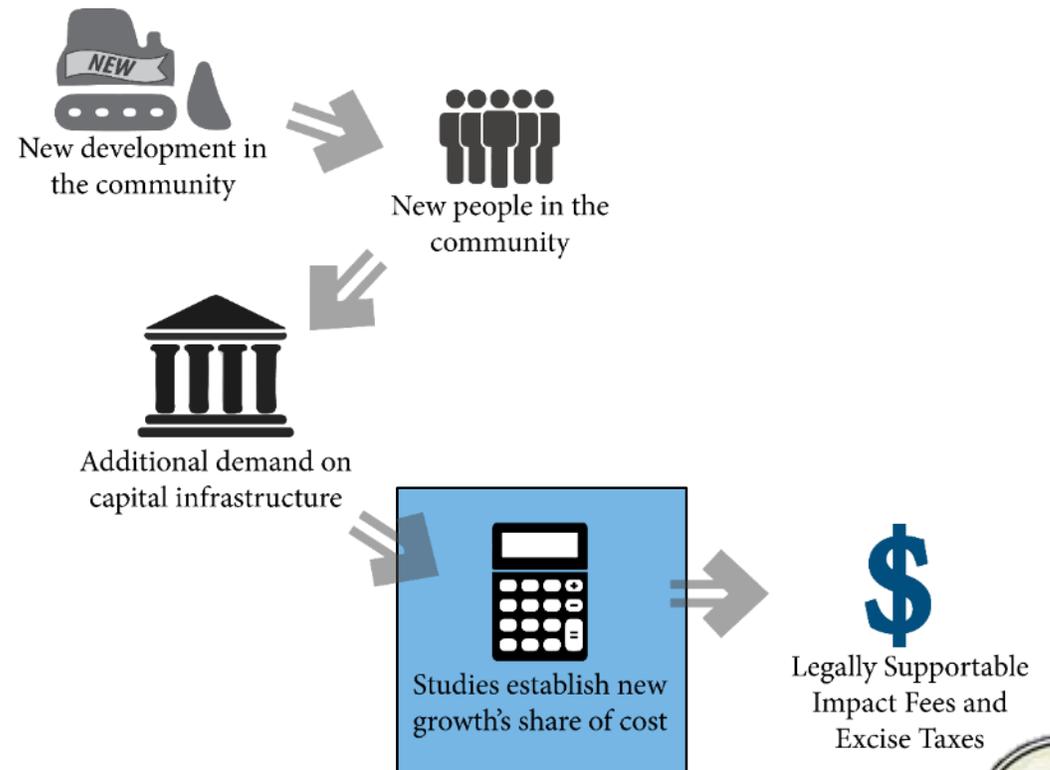
Project Objectives

- ❖ Continued Achievement of BVCP Policy that new growth will pay its own way (BVCP Policy 1.30)
- ❖ Complete legally required nexus studies to support:
 - ❖ Updating the Capital facilities impact fees
 - ❖ Creating/Updating the Multimodal transportation impact fee/excise tax
 - ❖ Updating Affordable housing linkage fee



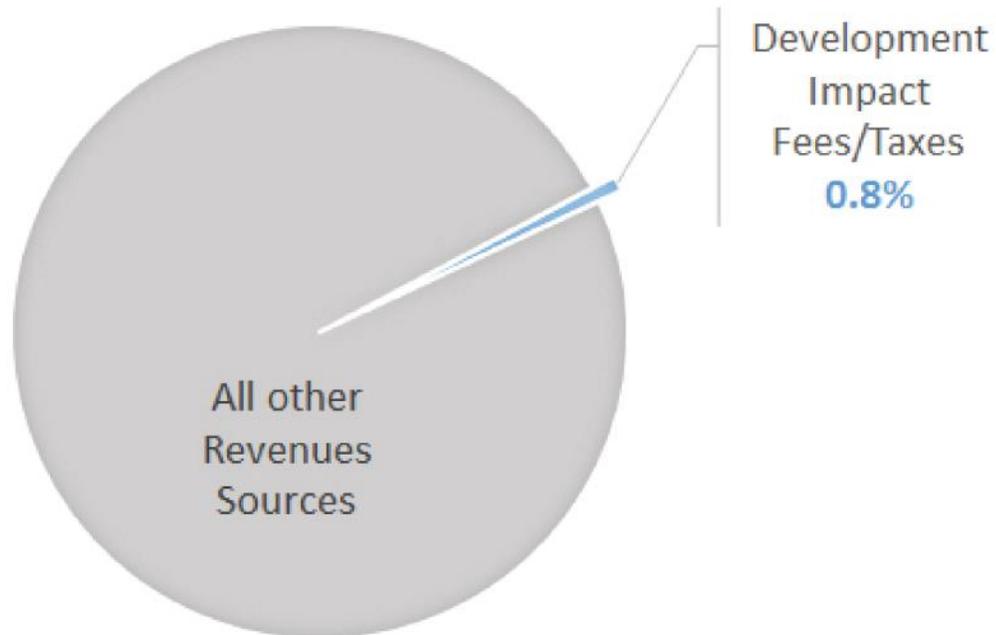
What are Capital Facility Impact Fees & Excise Taxes?

An impact fee (or capital facility impact fee, or development impact fee, or development excise taxes (or Development Excise Taxes or DET) are **one-time charges** to fund **capital infrastructure improvements** necessitated by new development.

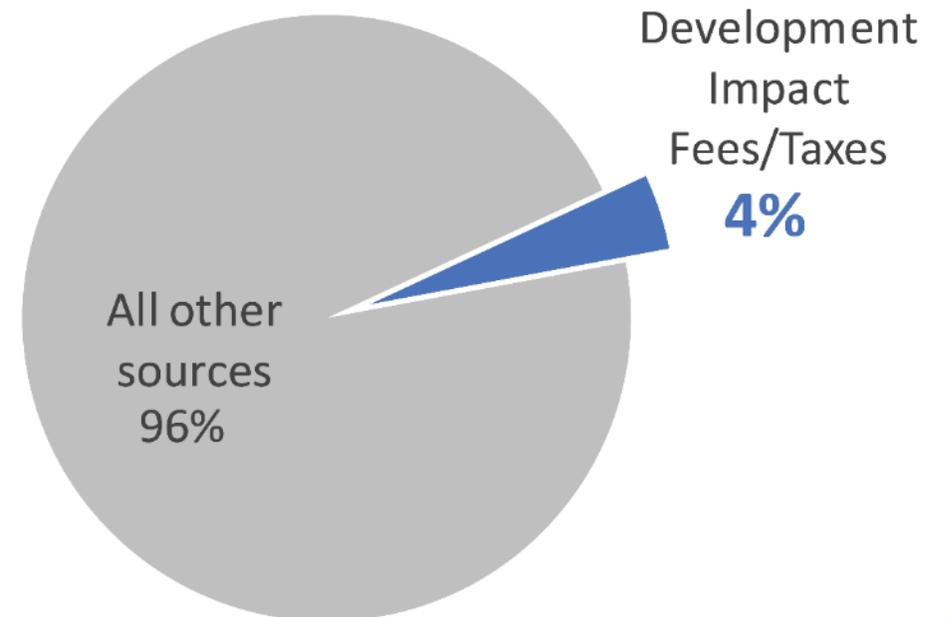


Percent of Revenues/Expenditures

2016 Estimated City Revenues



2017 Draft CIP Expenditure Sources



CAPITAL FACILITY IMPACT FEES & TRANSPORTATION FEE/TAX

ORDINANCE NO. 8152

What we have today

Current Impact Fees



Fire Impact Fee



Municipal Facilities Impact Fee



Human Services Impact Fee



Parks & Recreation Impact Fee



Library Impact Fee



Police Impact Fee



Affordable Housing Commercial Linkage Fee

Current Excise Taxes



Park Land Development Excise Tax



Transportation Development Excise Tax



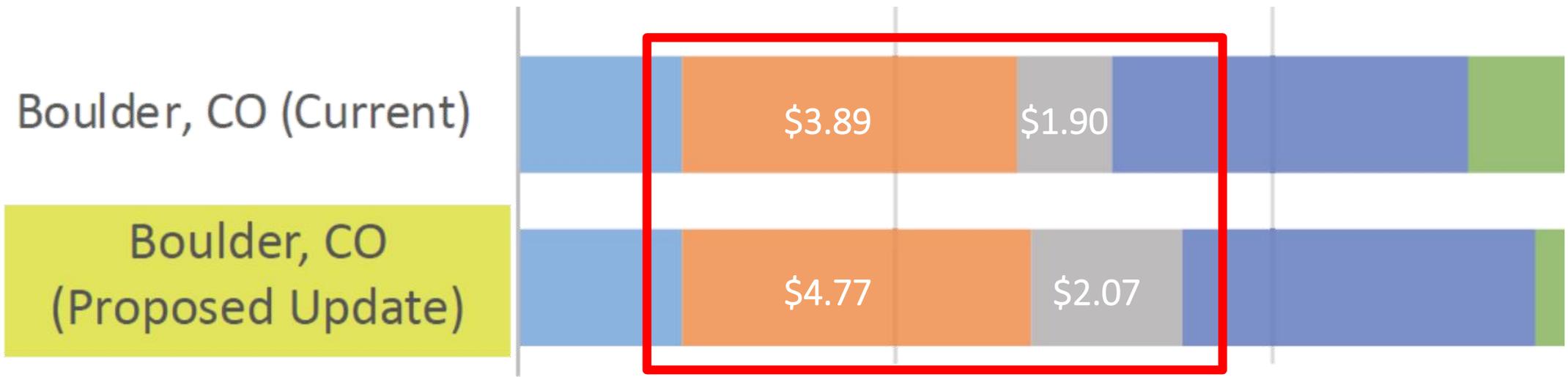
RESIDENTIAL COMPARATIVE ANALYSIS

(3-UNIT TOWNHOME BUILDING TOTALING 3,655 SQ. FT)

- Building Permit Fees
- Capital Facilities Impact Fees and DET
- Transportation DET
- Sales and Use Tax
- Utility Fees
- Housing Linkage Fees and DET



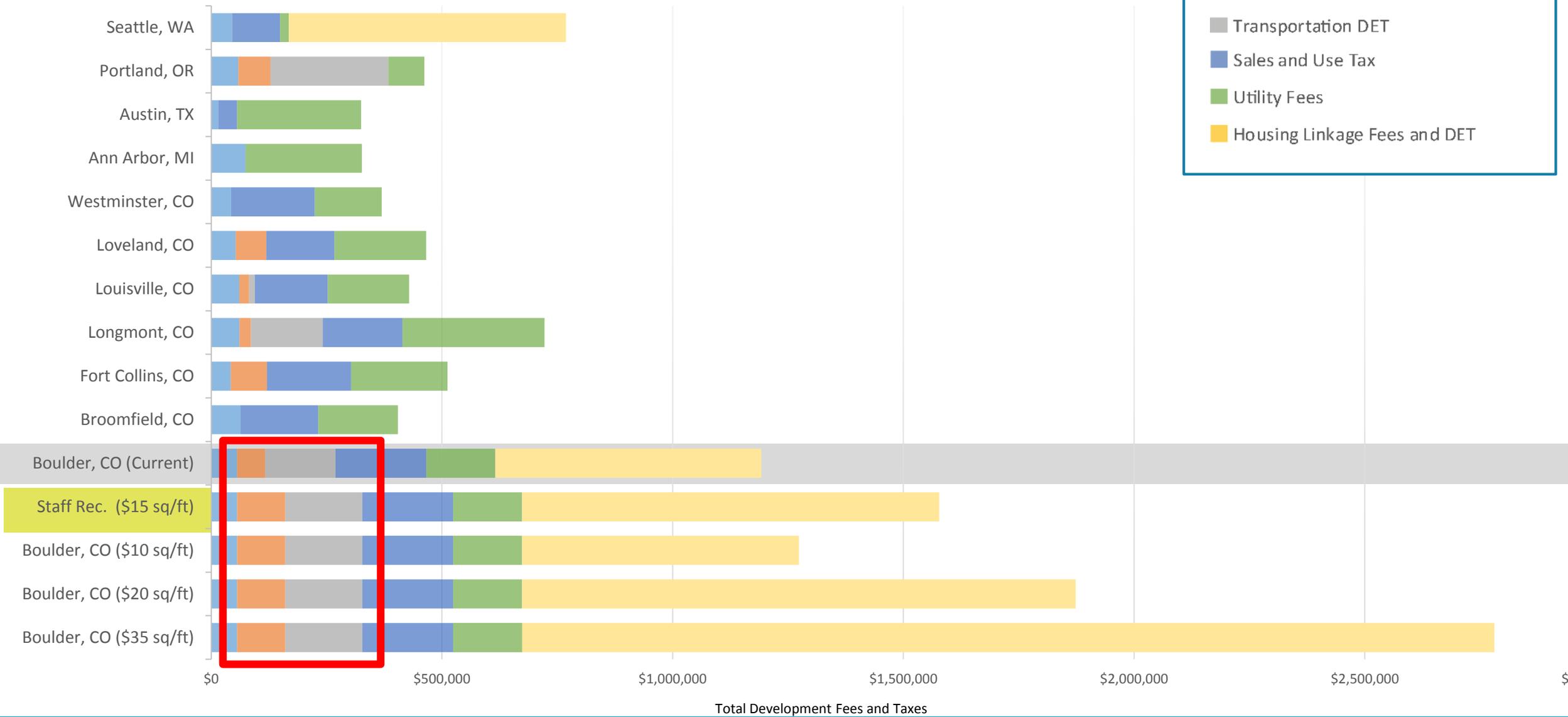
RESIDENTIAL COMPARATIVE ANALYSIS
(3-UNIT TOWNHOME BUILDING TOTALING 3,655 SQ. FT)



\$1.05 per sq. ft. increase
when applied to a prototypical residential development

NON-RESIDENTIAL COMPARATIVE ANALYSIS

(61,466 SQ. FT. OFFICE BUILDING W/SMALL RETAIL SPACE)



NON-RESIDENTIAL COMPARATIVE ANALYSIS
(61,466 SQ. FT. OFFICE BUILDING W/SMALL RETAIL SPACE)



\$0.97 per sq. ft. increase
when applied to a prototypical non-residential development

Adding all land costs into fees

Results

- 396% increase for residential
- 4-9% increase for non-residential

Not recommend

- Increases residential fees
- Only included land for planned improvements



Staff Recommendation

Adopt Ordinance No. 8152 amending Chapters 8-9 “Capital Facility Impact Fees”, 3-8 “Development Excise Tax”, and 4-20 “Fees” concerning changes to Impact Fees and Excise Taxes, and setting forth details in relation thereto.

Effective on July 1, 2017.



AFFORDABLE HOUSING LINKAGE FEE

Current Housing Funding Resources and Tools

Revenue

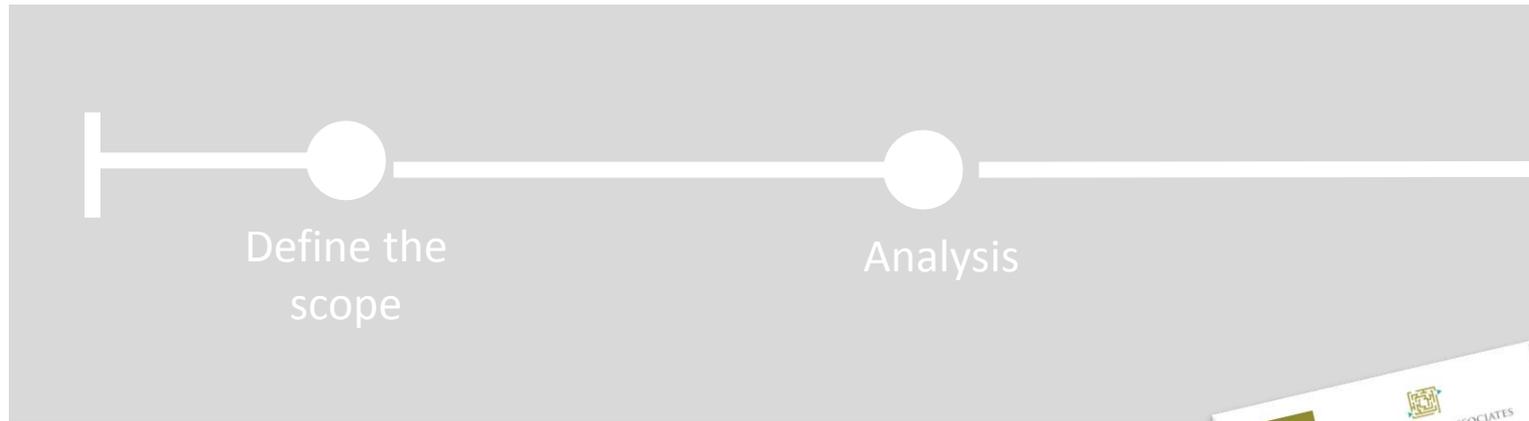
- Affordable Housing Fund (\$2-12M)
- Community Housing Assistance Program (\$2.5M)
- **Commercial Linkage Fee (\$2M)**
- CDBG & HOME Funds (\$1.6M)

Regulatory Tools

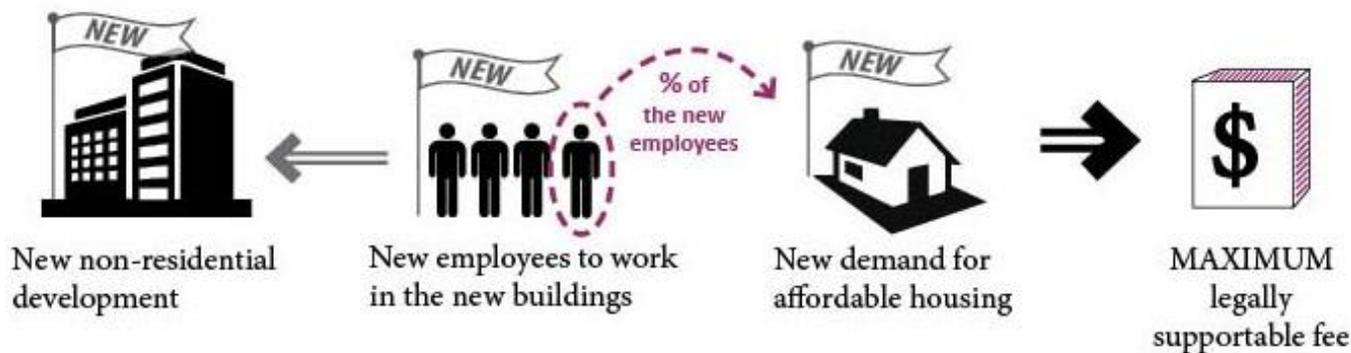
- Inclusionary Housing
- Annexation



Where we have been?



- 10% Goal
- Middle Income Goal
- Income Profile
- **Market & Econ. Factors**



- Option 1: \$10/ sq. ft.
- Option 2: \$20/sq. ft.
- Option 3: \$35/sq. ft.



Market & Economic Factors

- Market strength
- Development feasibility
- Scaling fees relative to development costs
- Fees in Other Cities



Assumptions

Revenue for Affordable
Housing Units

Development Fiscal Context

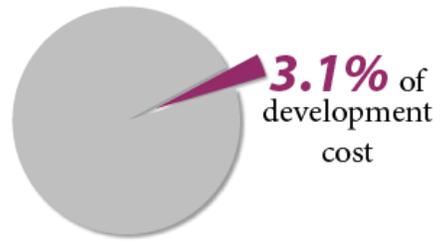
BVCP Policy 1.30 – Growth Pay
its Own Way

Other BVCP Policies



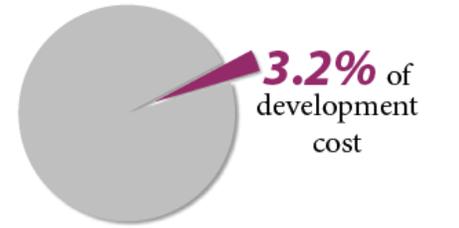
➔ **Current (\$9.53) office rates** -----


≈180 units
could be funded over the next 10 years



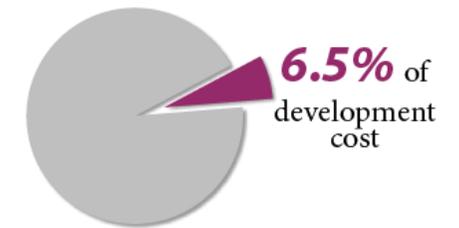
➔ **\$10 for office rates** -----


≈190 units
could be funded over the next 10 years



➔ **\$20 for office rates** -----


≈350 units
could be funded over the next 10 years



➔ **\$35 for office rates** -----


≈600 units
could be funded over the next 10 years

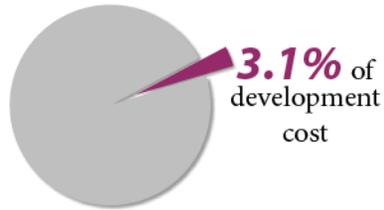


Market & Economic Analysis

- Comparable cities have linkage fees up to 5% of development costs

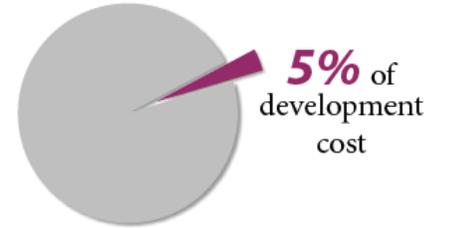
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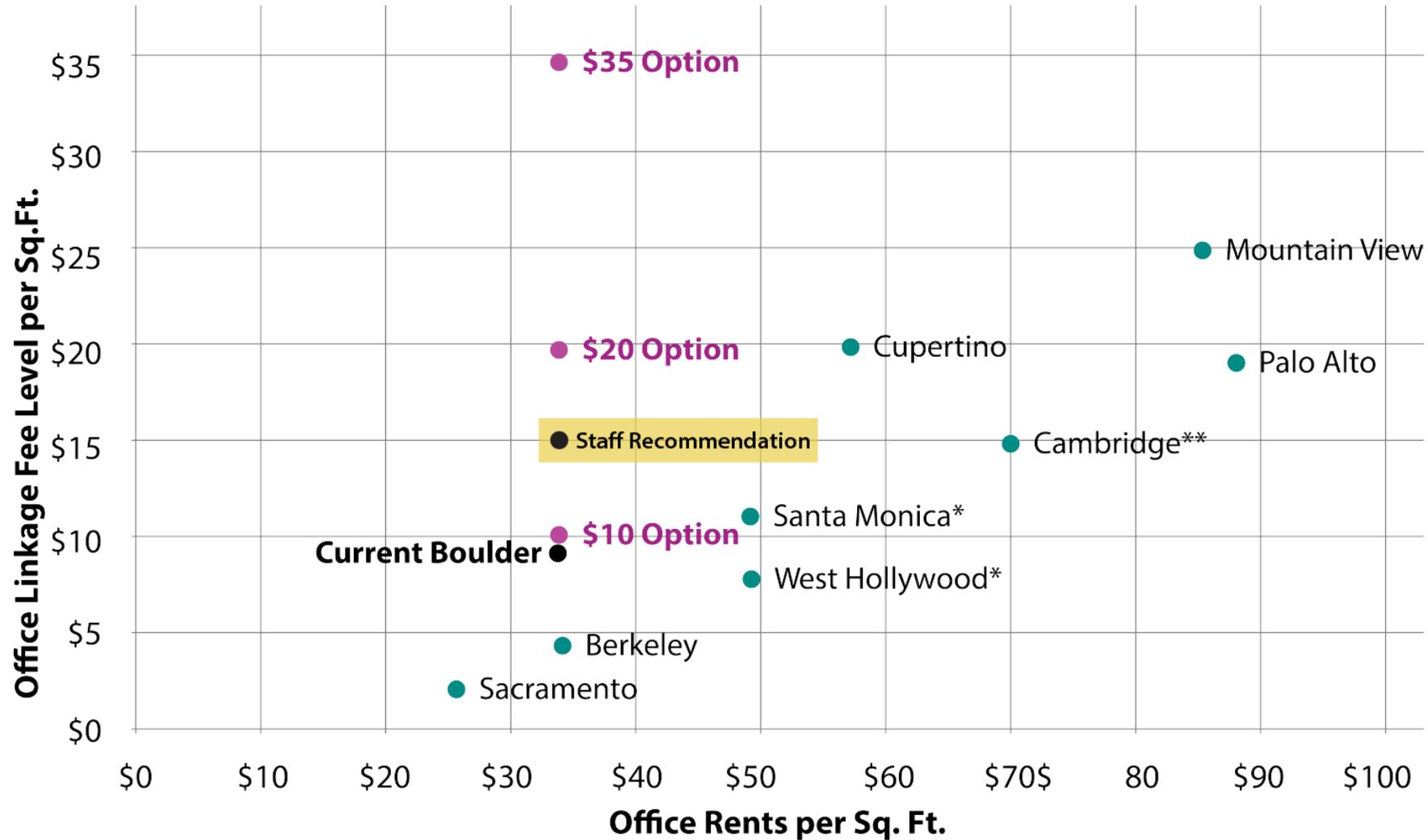


➔ \$15 for office rates -----


≈270 units
could be funded over the next 10 years



Office Linkage Fees vs. Average Office Rents in Selected Communities

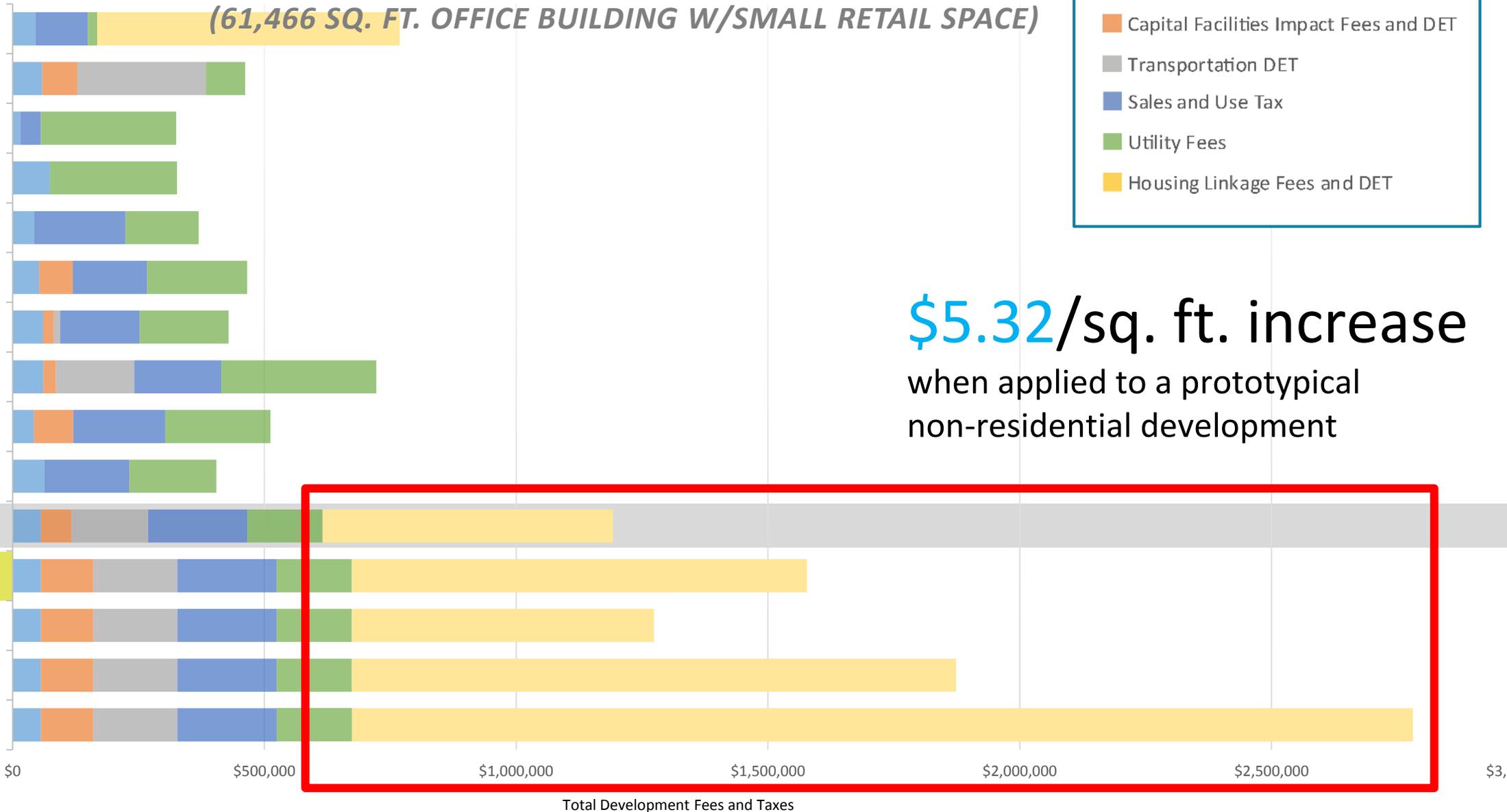


NON-RESIDENTIAL COMPARATIVE ANALYSIS

(61,466 SQ. FT. OFFICE BUILDING W/SMALL RETAIL SPACE)



- Seattle, WA
- Portland, OR
- Austin, TX
- Ann Arbor, MI
- Westminster, CO
- Loveland, CO
- Louisville, CO
- Longmont, CO
- Fort Collins, CO
- Broomfield, CO



\$5.32/sq. ft. increase
when applied to a prototypical non-residential development

Total Development Fees and Taxes

Staff Recommendation

- Revise the Linkage Fee to be:
 - \$15 for office
 - \$10 for retail, hotel, and flex commercial
 - \$4 for warehouse

- Direct Staff to prepare an ordinance to implement these changes.



Varied or Tiered rates

Not recommended

- Practice is to administer equally
- Fees are already scaled to building use

Other Communities with varied rates

- Comprehensive plans
- Economic development or revitalization
- Social or community based objectives



Next Steps

What's needed for tonight:

- Action on Ordinance 8152 to adopt changes to the capital facility impact fees and transportation excise tax
- Final Direction on setting a revised commercial linkage fee

Next steps:

- Prepare an ordinance for implementing changes to the commercial linkage fee – bring to council Q1 2017
- Propose an effective date and timing of implementation

Public Hearing

Capital Facilities Impact Fees & Excise Tax

Motion to **Adopt Ordinance No. 8152** amending Chapters 8-9 “Capital Facility Impact Fees”, 3-8 “Development Excise Tax”, and 4-20 “Fees” concerning changes to Impact Fees and Excise Taxes, and setting forth details in relation thereto.

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Affordable Housing Commercial Linkage Fee

Motion to **direct staff to prepare an ordinance** for changes to the affordable housing commercial linkage fee based on the analysis and staff recommendation of a citywide fee based on a \$15/sq. ft. fee for office space, and other uses as described in the recommended option in the staff memorandum dated Nov. 15, 2016.

