



Development Fees

Matters from the City Manager

The purpose of this item is for council to discuss and provide direction on the three components of the Development-Related Impact Fees and Excise Taxes project

SEPTEMBER 20, 2016

CITY OF BOULDER, TISCHLERBISE, KEYSER MARSTON ASSOCIATES

Agenda

1. Staff Presentation

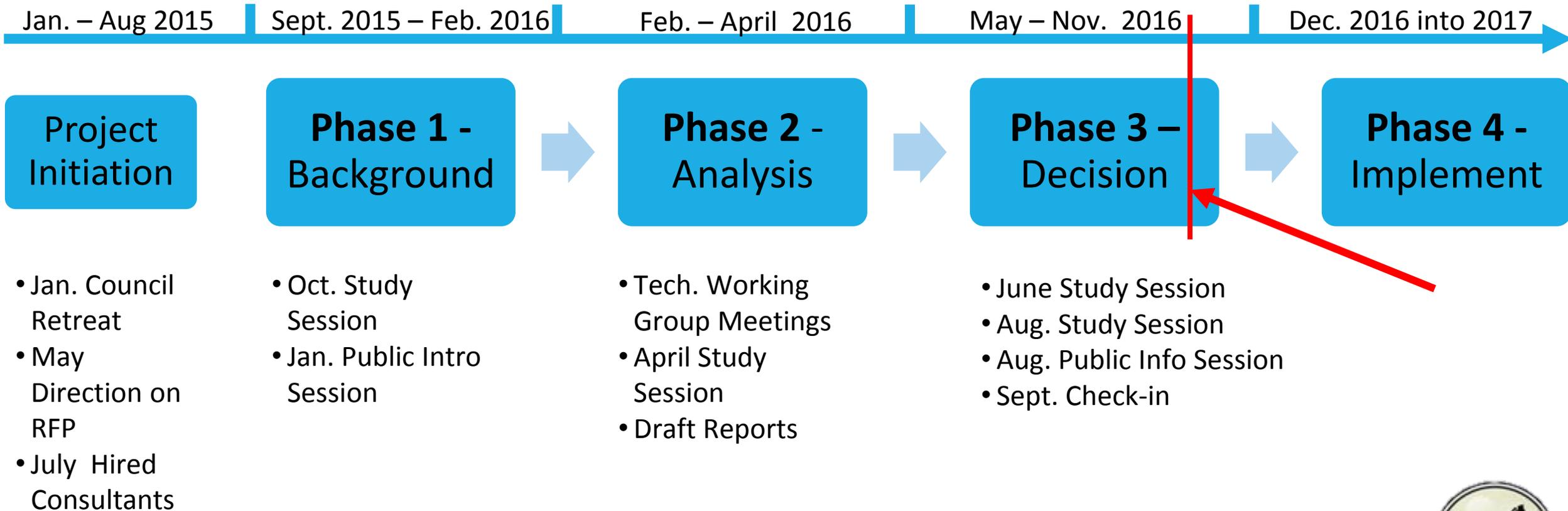
- Introduction, Project Objectives, Financial Context
- Capital Facility Impact Fees & Transportation Fee/Tax
- Impact Fee Credits for Affordable Housing
- Affordable Housing Linkage Fee
- Staff Recommendations

2. Questions for Discussion

3. Recap & Next Steps



2016 Update – Project Timeline



Public Feedback

Public Introductory Seminar

Technical Working Group

Public Information Session

Targeted Outreach



Project Objectives

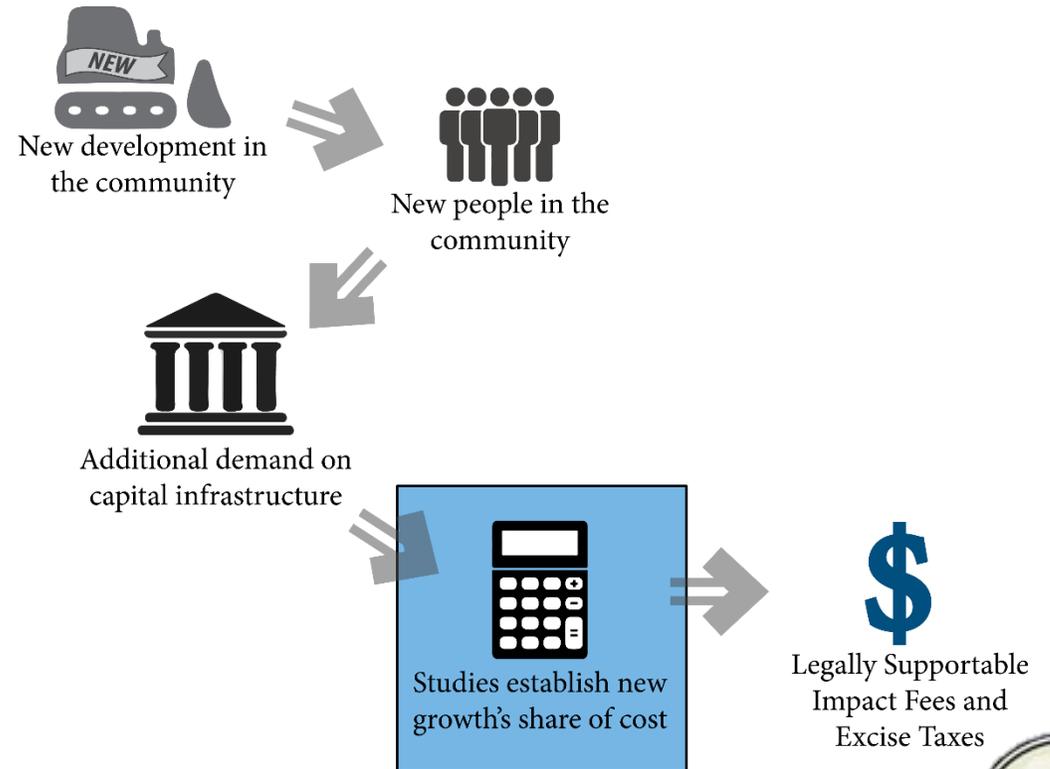
- ❖ Continued Achievement of BVCP Policy that new growth will pay its own way (BVCP Policy 1.30)
- ❖ Complete legally required nexus studies to support:
 - ❖ Updating the Capital facilities impact fees
 - ❖ Creating/Updating the Multimodal transportation impact fee/excise tax
 - ❖ Updating Affordable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



What are Impact Fees & Excise Taxes

What is an Impact Fee or an Excise Tax?

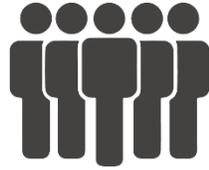
An impact fee (or capital facility impact fee, or development impact fee) or excise taxes (or Development Excise Taxes or DET) are one-time charges to fund capital infrastructure improvements necessitated by new development.



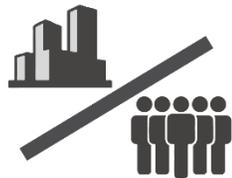
Why do Studies?



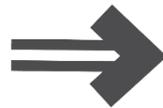
Updated list of capital and facility needs
Based on departmental Master Plans and facility plans



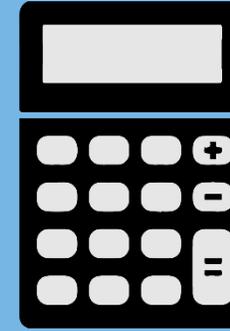
Updated population and employment numbers
Based on BVCP projections



Level-of-service needs per person

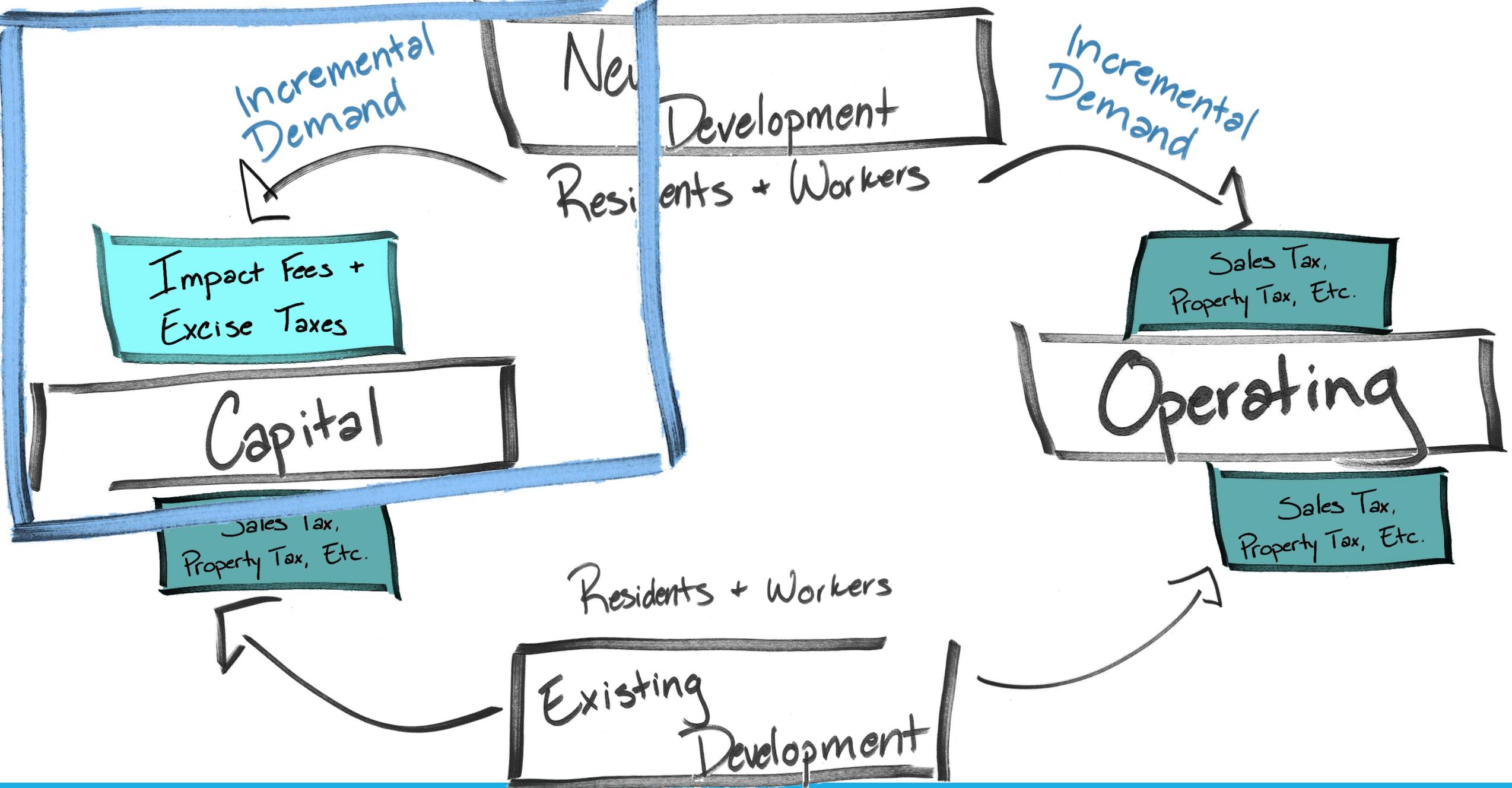


Proposed Fees and Draft Reports



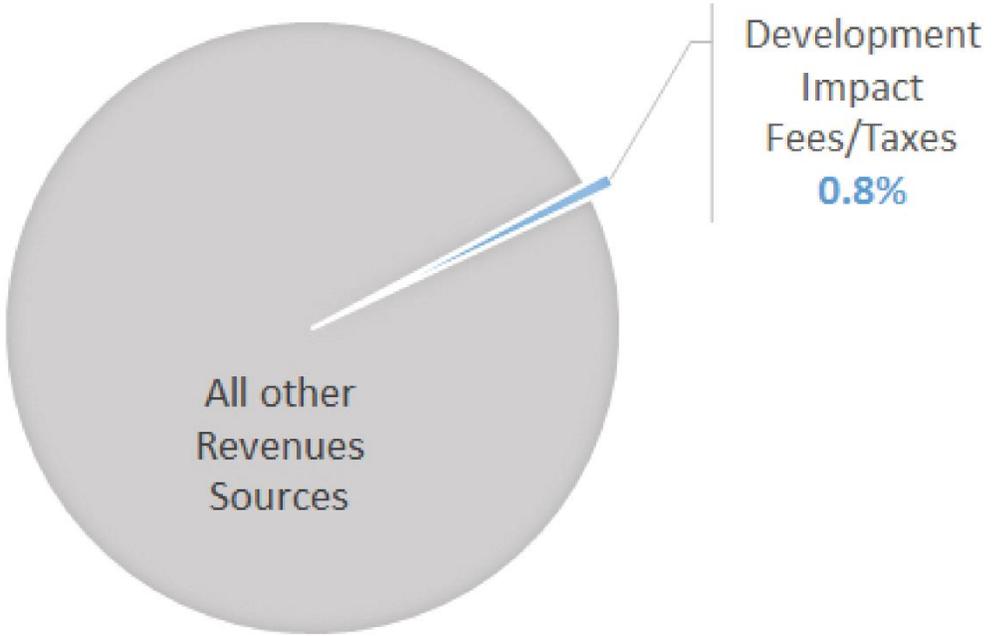
Studies establish new growth's share of cost



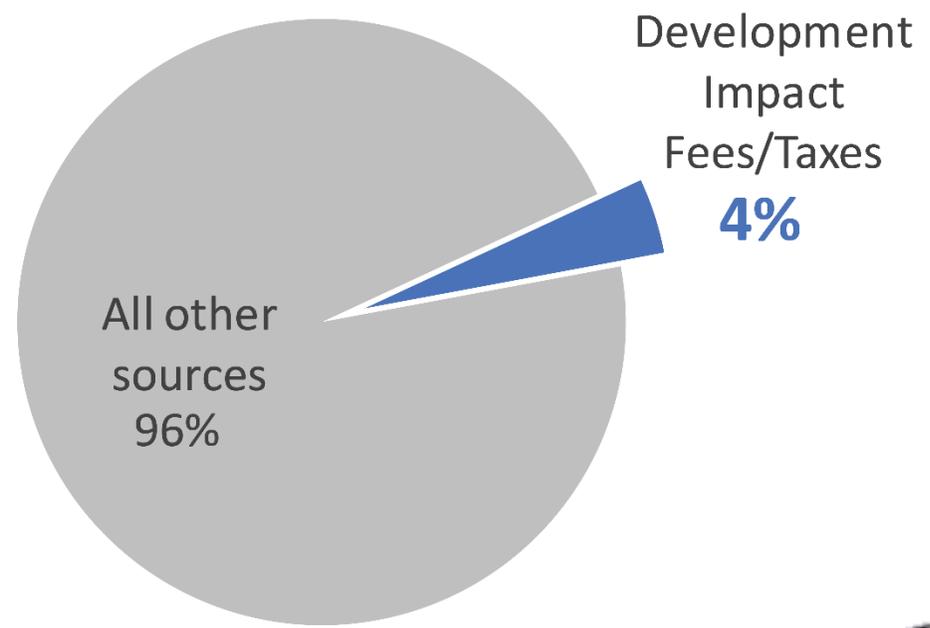


How much money is this?

2016 Estimated City Revenues



2017 Draft CIP Expenditure Sources



CAPITAL FACILITY IMPACT FEES & TRANSPORTATION FEE/TAX

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



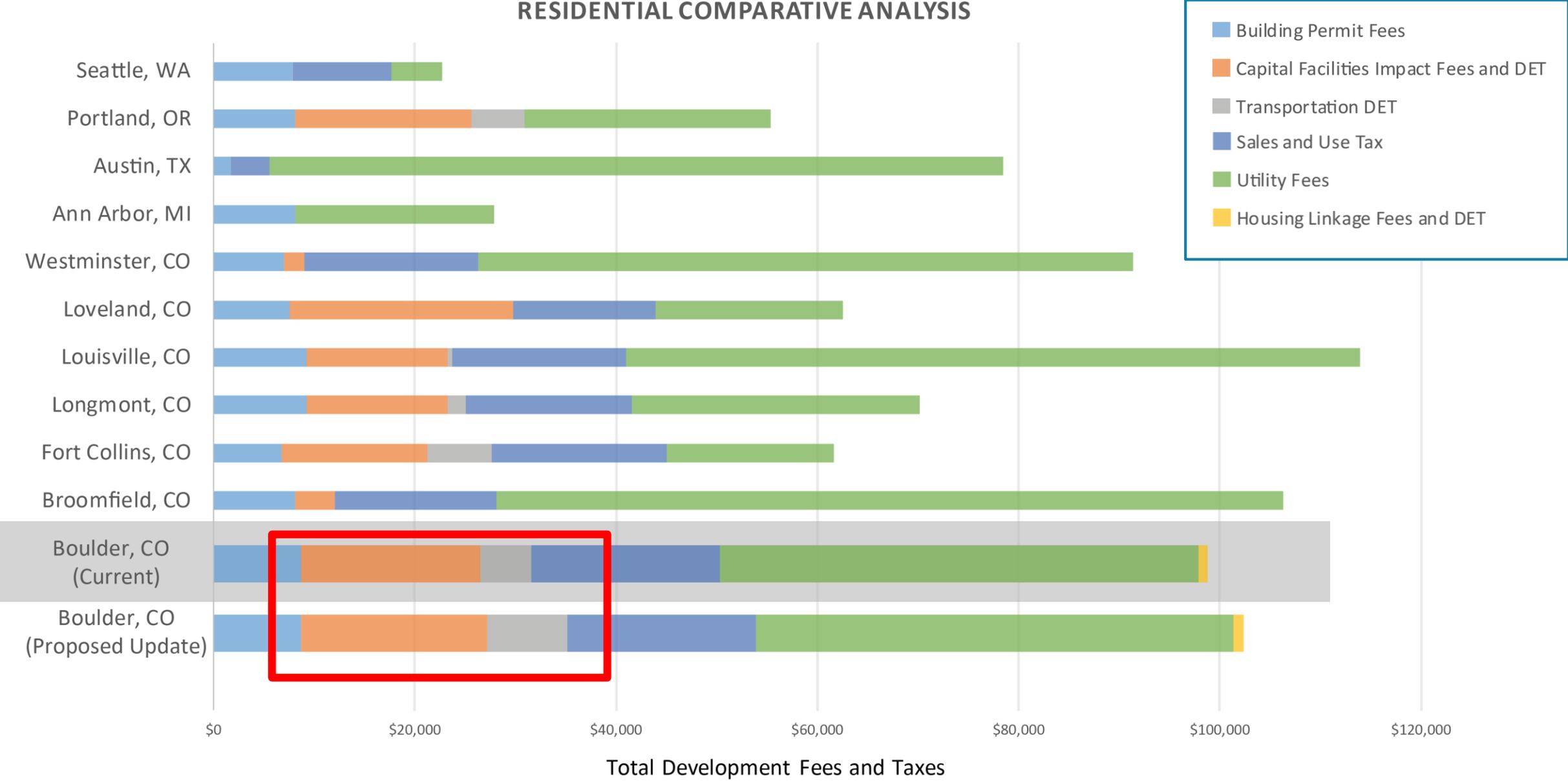
Park Land Development Excise Tax

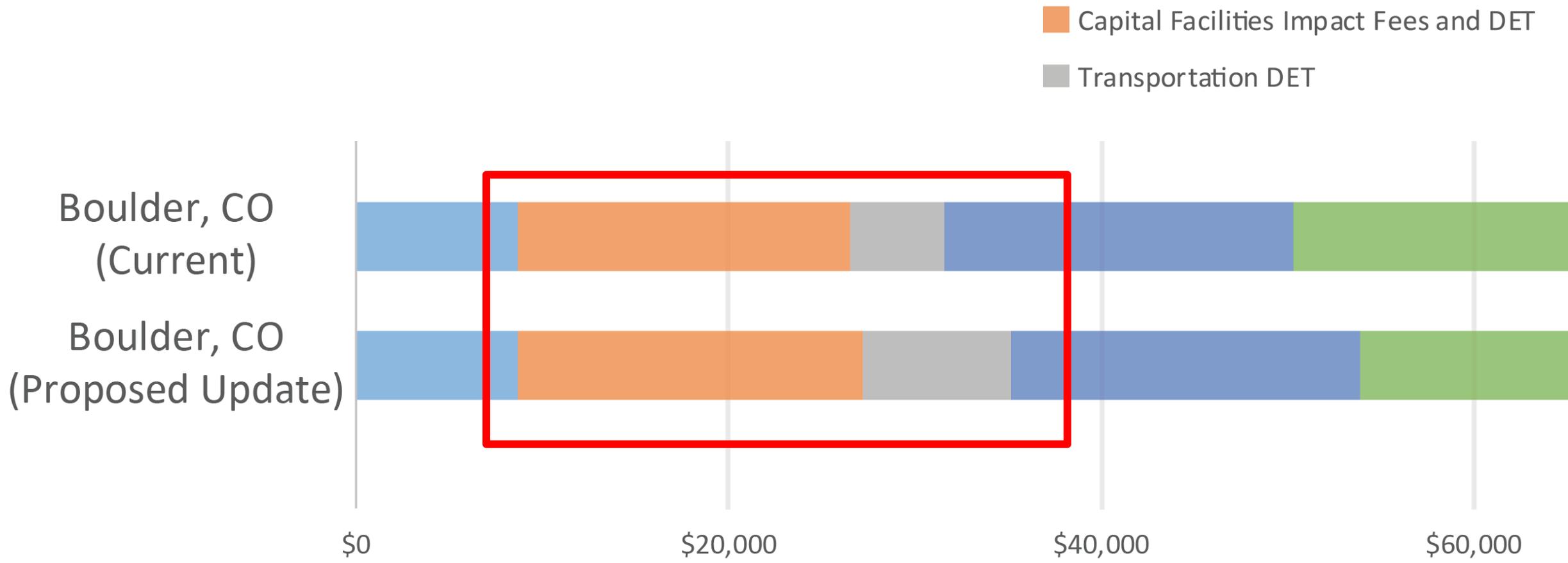


Transportation Development Excise Tax



RESIDENTIAL COMPARATIVE ANALYSIS

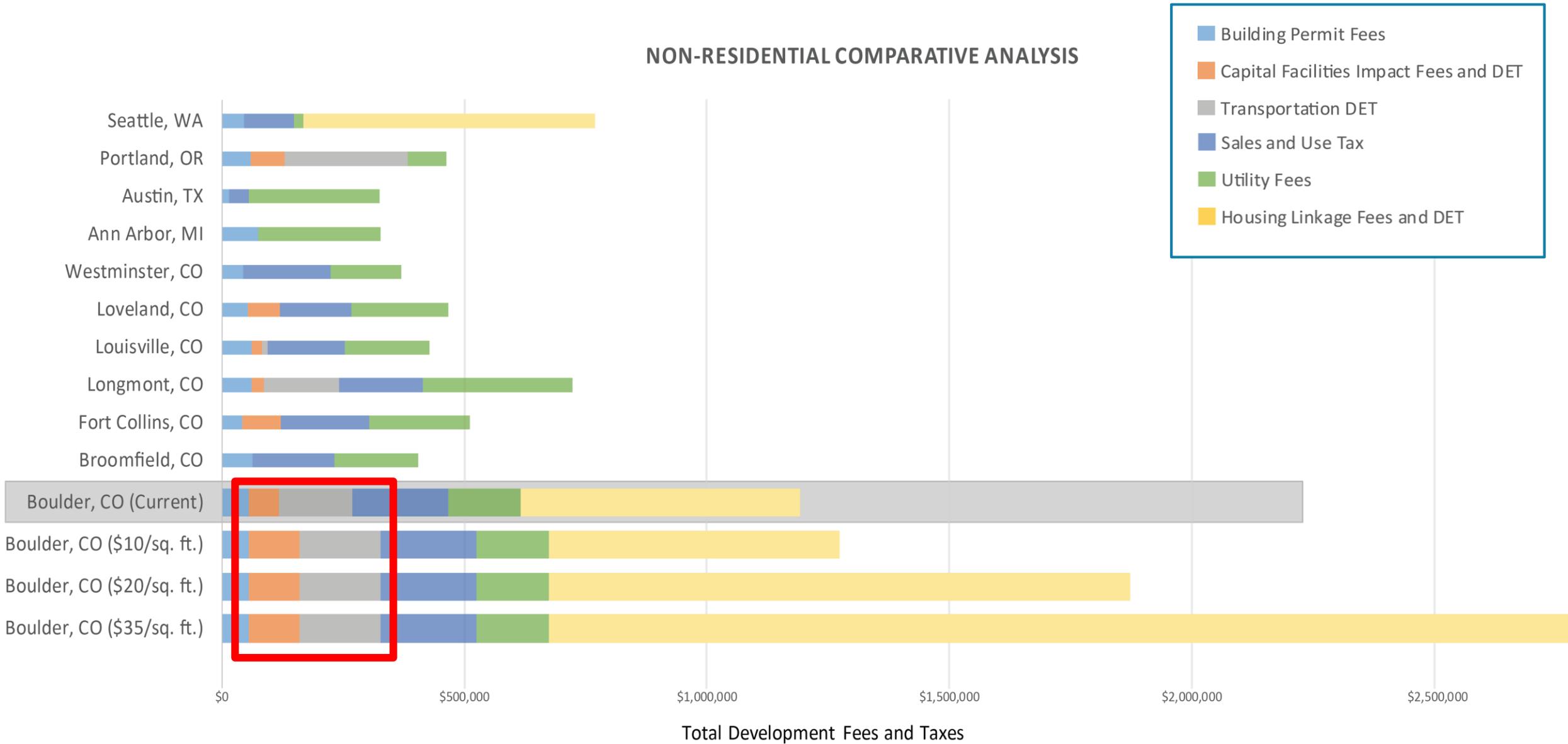




\$0.92 per sq. ft. increase

when applied to a prototypical residential development

NON-RESIDENTIAL COMPARATIVE ANALYSIS



Capital Facilities Impact Fees and DET
Transportation DET



\$0.95 per sq. ft. increase
when applied to a prototypical
non-residential development

IMPACT FEE & EXCISE TAX CREDITS FOR AFFORDABLE HOUSING

Two key issues to address

1. What types of projects would be eligible?

2. Who pays for the credit?



Two key issues to address

1. What types of projects would be eligible?

- I. Any permanently affordable housing unit (including the required 20%)
- II. All units receiving city subsidy (above 20%)
- III. Units above and beyond the minimum 20%, similar to what is currently in place for excise taxes

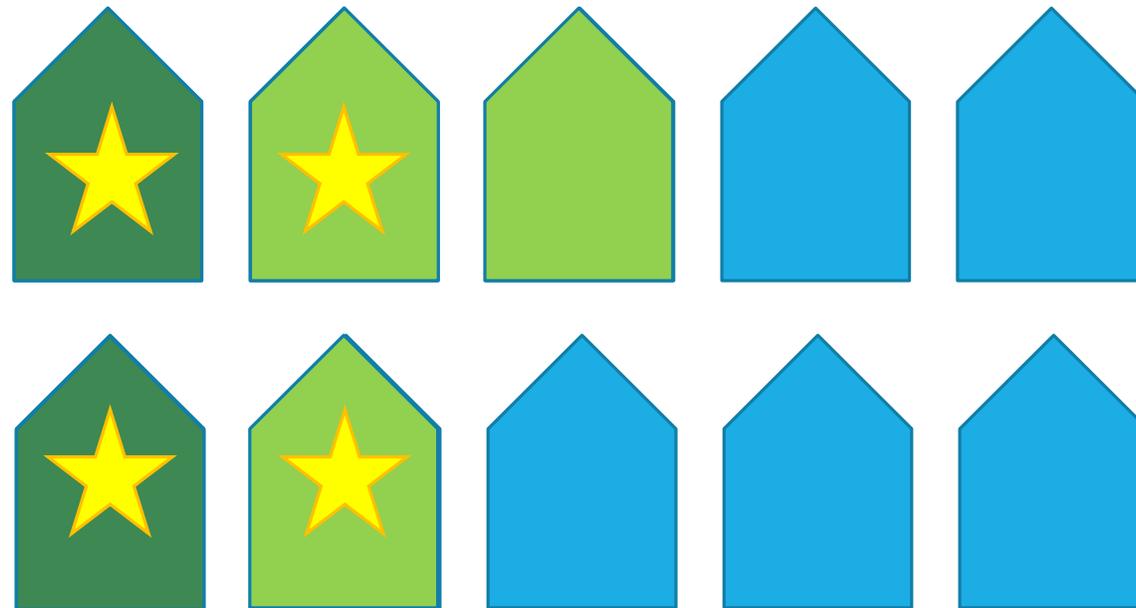
2. Who pays for the credit?

- I. The Affordable Housing Fund
- II. The General Fund



What systems do we have today?

waiver for the Development Excise Tax if certain conditions are met. The waiver occurs when a residential development constructs on-site permanently affordable housing above the required 20 percent



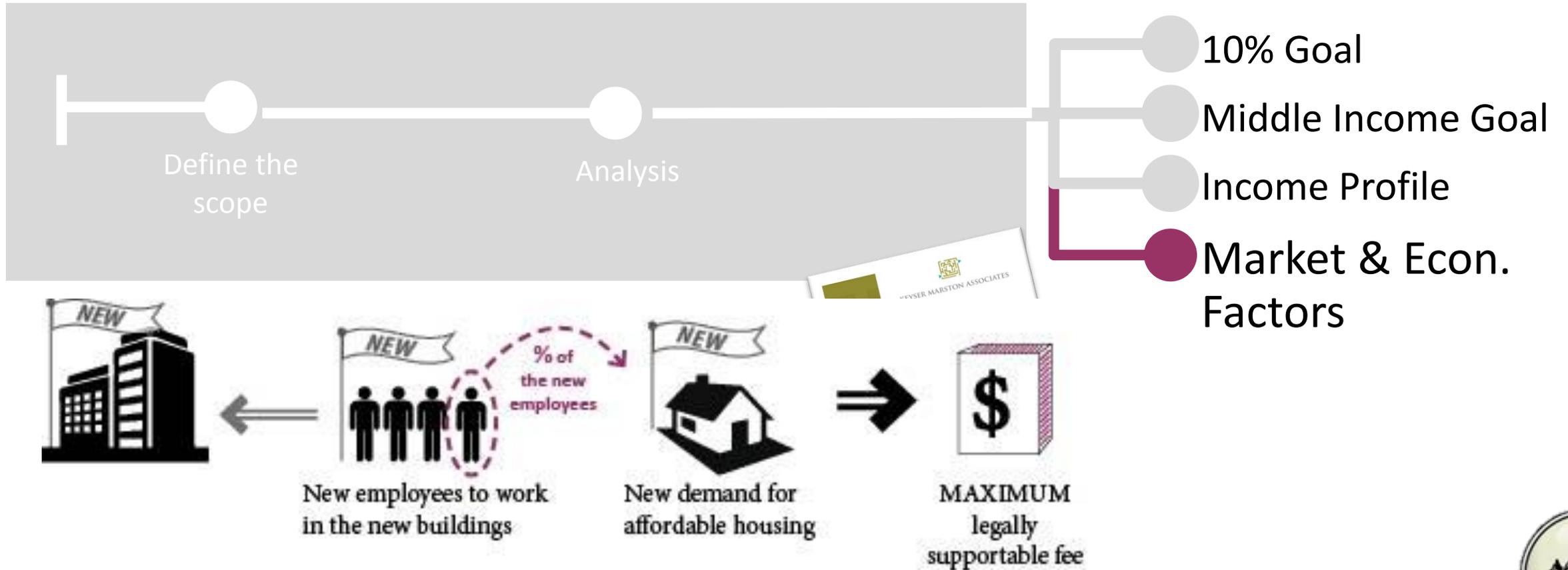
Options to Proceed

1. Incorporate with Inclusionary Housing Ordinance
2. Create Credit System based on DET Waiver



AFFORDABLE HOUSING LINKAGE FEE

Where we have been



Market & Economic Analysis

- Comparable cities have linkage fees up to 5% of development costs
- Option 3 (\$35/sq. ft. for office) would exceed all other linkage fee programs
- 5% of development cost would equal:
 - \$10-15 for office
 - \$7-10 for retail, hotel, and flex commercial
 - \$3-5 for warehouse



NON-RESIDENTIAL COMPARATIVE ANALYSIS



Staff Recommendations

Capital Facilities & Transportation

- Bring forward ordinance on Nov. 15.
- Phase implementation, effective Oct. 1, 2017.

This timeframe will allow time for the affordable housing credits conversation and inclusionary housing ordinance update to be complete. In addition, this will allow for developments already in the development review process to plan for these fee changes.



Fee/Tax Credits for Affordable Housing

- Include this analysis as a part of the update of the Inclusionary Housing ordinance

(allow time for this analysis to be complete and any credit system to be established prior to the fee changes becoming effective)

If a fee credit is desired now, modeling the current excise tax waiver



Affordable Housing Linkage Fee

- Narrow to a level at or below approximately 5% of development costs (approximately \$15/sq. ft. for office uses)
- Eliminate the \$35/sq. ft. option
- Hold the public hearing for final direction on Nov. 15, 2016 *(with an ordinance to follow at a later date)*



Questions and Discussion

Does Council still support the 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



Capital Facilities & Transportation

Does council support staff bringing an ordinance forward on Nov. 15 to adopt new Capital Facility Impact Fees and Transportation Fees/Taxes as described above with an effective date of Oct 1, 2017?



Impact Fee/Excise Tax Credits for Affordable Housing

Does council support the staff recommendation to explore a credit system as part of the inclusionary housing ordinance update?

If a fee credit system is desired now, does council support a system modeled on the current excise tax waiver, or are there other options the council would like staff to evaluate?



Affordable Housing Linkage Fee

1. Does council agree with the staff recommendation to:
 - Narrow the linkage fee options to at or below approximately 5% of total development cost
 - eliminate the \$35/sq. ft. option from further consideration?
2. Does council have any additional feedback on the level at which the fee should be set?
3. Does Council have any questions or comments regarding additional analysis before bringing this item forward for final direction at a public hearing on Nov. 15, 2016?



Recap & Next Steps

Adoption & Phase-In Schedule

Fee/Tax	Ordinance Adoption Date	Effective Date
Capital Facilities Impact Fees	Nov. 15, 2016	Oct. 1, 2017
Transportation Impact Fee/Excise Tax	Nov. 15, 2016	Oct. 1, 2017
Impact Fee/Excise Tax Credits for Affordable Housing	TBD – Post IH Ord. Revisions	Oct. 1, 2017
Affordable Housing Linkage Fee	TBD – Post Final Direction	TBD – Post Final Direction

