

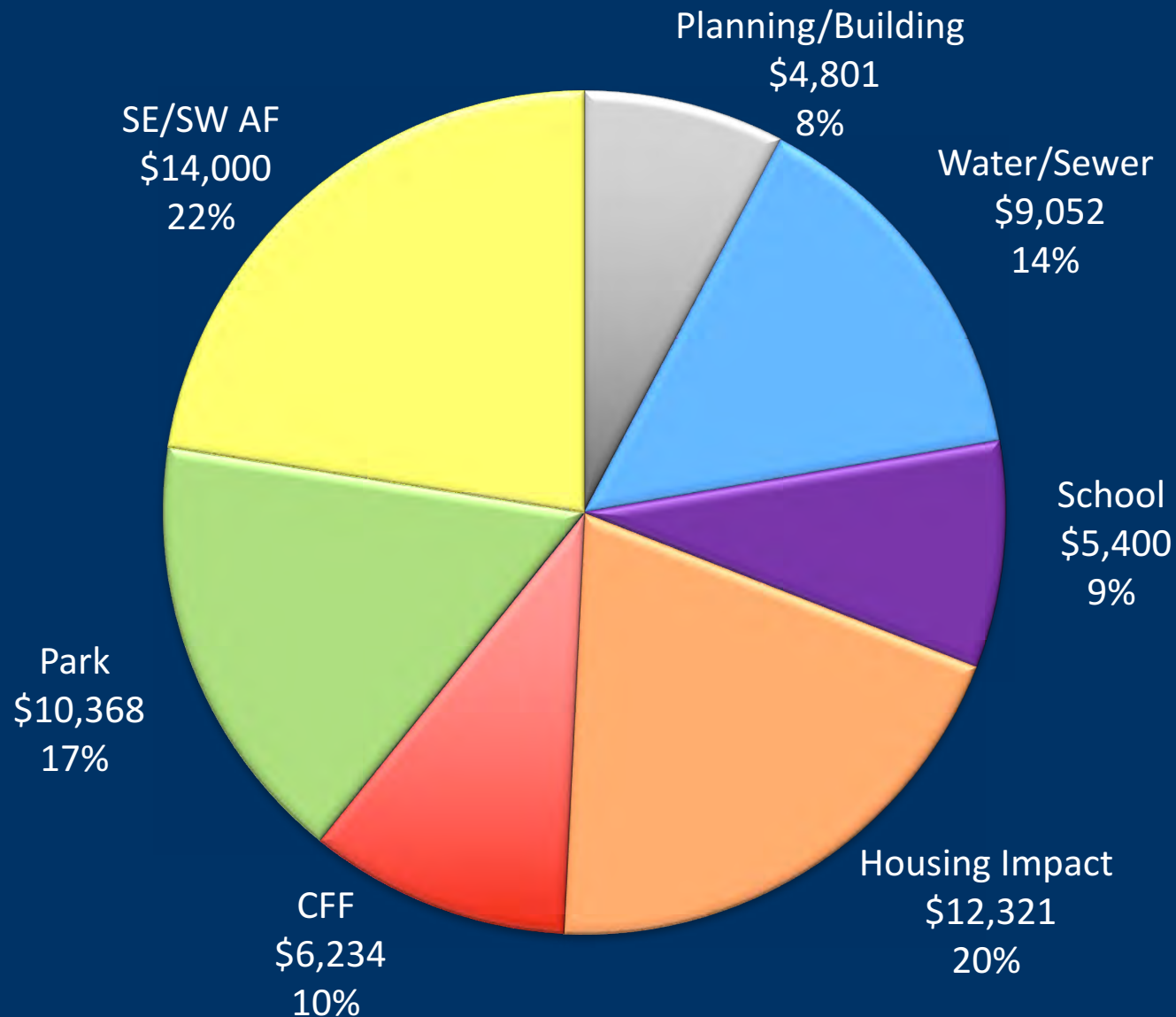
Impact Fee Program Update

**Proposal
June 5, 2017**

Urban Economics

Typical Fees for a 1,800 Sqft Single Family Dwelling Unit (In the SW or SE Area)

Total = \$62,176



Santa Rosa Impact Fees

Fee	Facilities	Applicability
Focus of Impact Fee Program Update		
Capital Facilities Fee	Trans., storm drain, fire	Citywide
Southwest Area Fee	Trans., utilities, fire, library	Southwest Area Plan
Southeast Area Fee	Trans., utilities, fire	Southeast Area Plan
Park Fee	Parks & recreation	Citywide, 4 zones
Other Impact Fees		
Housing Impact Fee	Affordable housing	Citywide, residential only
Utility Fees	Water & wastewater	Citywide
Public Art	Art	Citywide, commercial only
School Impact Fees*	Schools	Vary by school district
Impact Fees Under Study		
Commercial Linkage Fee	Affordable housing	Citywide, nonresidential only

* School impact fees are set by each school district, not by the City.

Impact Fee Update Program Proposal

Policy Issues

	Policy Issue	Impact Fee Update Program Proposal
1.	<u>Geography</u> Apply fees citywide or by zone	<u>Move to a citywide fee program</u> <ul style="list-style-type: none"> • Single citywide fee for transportation, public safety & storm drainage • Maintain four park fee zones • Equalize park fees across all zones.
2.	<u>Total Fee Burden</u> Increase, decrease, no change	<u>Equalize existing fee burden citywide</u> <ul style="list-style-type: none"> • Allow for potential increase for new initiatives • Sunset SWADIF & SEADIF • Increase CFF to replace SWADIF & SEADIF revenue
3.	<u>Revenue Allocation</u> Allocation of revenue by facility type	<u>Maintain existing revenue allocation</u> <ul style="list-style-type: none"> • Maintain current CFF allocation, merge “local” and “regional” transportation categories • Allow greater flexibility to use park fees citywide

Impact Fee Update Program Proposal

Capital Facilities Fee Revenue Allocation

Current		Proposed	
Category	Allocation	Category	Allocation
Regional transportation	43.3%	Roadways & intersections	62.8%
Local transportation, traffic signals, local reconstruction	19.5%		
Mass transit, bicycle and pedestrian	10.7%	Transit, bicycle and pedestrian	10.7%
Regional public safety and fire	12.8%	Police and fire	12.8%
Storm drainage and sewer	12.7%	Storm drainage	12.7%
Administration	1.0%	Administration	1.0%
Total	100.0%		100.0%

Impact Fee Update Program Proposal

Policy Issues (continued)

	Policy Issue	Impact Fee Update Program Proposal
4.	<u>Capital Project Selection</u>	<p><u>Use combination of facility standards, master plans, and stakeholder input</u></p> <ul style="list-style-type: none"> • Roadways: Maintain General Plan LOS standard • Bike & pedestrian: 2010 master plan project list • Public safety: Project list developed by staff • Storm drain: Project list developed by staff • Parks: Maintain 3-acre / 1,000 residents General Plan LOS standard
5.	<u>Planning Horizon</u> Future year vs. buildout	<p><u>Use 2040 planning horizon</u></p> <ul style="list-style-type: none"> • Current fee program had been using buildout

Fee per Single Family Detached Unit

	Area	CFF	SWADIF	SEADIF	Park	Total
Current	Northwest	\$6,234	\$-	\$-	\$10,368	\$16,602
	Northeast	\$6,234	\$-	\$-	\$11,860	\$18,094
	Southwest	\$6,234	\$13,922	\$-	\$9,808	\$29,964
	Southeast	\$6,234	\$-	\$14,018	\$9,763	\$30,015
Proposed	Northwest	\$8,000	\$-	\$-	\$10,545	\$18,545
	Northeast	\$8,000	\$-	\$-	\$10,545	\$18,545
	Southwest	\$8,000	\$-	\$-	\$10,545	\$18,545
	Southeast	\$8,000	\$-	\$-	\$10,545	\$18,545
Change (\$)	Northwest	\$1,766	\$-	\$-	\$177	\$1,943
	Northeast	\$1,766	\$-	\$-	\$(1,315)	\$451
	Southwest	\$1,766	\$(13,922)	\$-	\$737	\$(11,419)
	Southeast	\$1,766	\$-	\$(14,018)	\$782	\$(11,470)
Change (%)	Northwest	28%	NA	NA	2%	12%
	Northeast	28%	NA	NA	(11%)	2%
	Southwest	28%	(100%)	NA	8%	(38%)
	Southeast	28%	NA	(100%)	8%	(38%)

Note: Current fee based on "low density" category (2-8 units/acre) for CFF, SWADIF, and SEADIF, and "single family detached" category for park fee.

Fee per Multi-family Unit

	Area	CFF	SWADIF	SEADIF	Park	Total
Current	Northwest	\$5,082	\$-	\$-	\$7,625	\$12,707
	Northeast	\$5,082	\$-	\$-	\$8,721	\$13,803
	Southwest	\$5,082	\$10,650	\$-	\$7,213	\$22,945
	Southeast	\$5,082	\$-	\$11,237	\$7,178	\$23,497
Proposed	Northwest	\$6,522	\$-	\$-	\$7,754	\$14,276
	Northeast	\$6,522	\$-	\$-	\$7,754	\$14,276
	Southwest	\$6,522	\$-	\$-	\$7,754	\$14,276
	Southeast	\$6,522	\$-	\$-	\$7,754	\$14,276
Change (\$)	Northwest	\$1,440	\$-	\$-	\$129	\$1,569
	Northeast	\$1,440	\$-	\$-	\$(967)	\$473
	Southwest	\$1,440	\$(10,650)	\$-	\$541	\$(8,669)
	Southeast	\$1,440	\$-	\$(11,237)	\$576	\$(9,221)
Change (%)	Northwest	28%	NA	NA	2%	12%
	Northeast	28%	NA	NA	(11%)	3%
	Southwest	28%	(100%)	NA	8%	(38%)
	Southeast	28%	NA	(100%)	8%	(39%)

Note: Current fee based on "residential, medium density" category (13-18 units/acre) for CFF, SWADIF, and SEADIF, and "multifamily" category for park fee.

Fee per Sq. Ft. Industrial

	Area	CFF	SWADIF	SEADIF	Park	Total
Current	Northwest	\$3.02	\$-	\$-	\$-	\$3.02
	Northeast	\$3.02	\$-	\$-	\$-	\$3.02
	Southwest	\$3.02	\$8.12	\$-	\$-	\$11.14
	Southeast	\$3.02	\$-	\$8.11	\$-	\$11.13
Proposed	Northwest	\$3.88	\$-	\$-	\$-	\$3.88
	Northeast	\$3.88	\$-	\$-	\$-	\$3.88
	Southwest	\$3.88	\$-	\$-	\$-	\$3.88
	Southeast	\$3.88	\$-	\$-	\$-	\$3.88
Change (\$)	Northwest	\$0.86	\$-	\$-	\$-	\$0.86
	Northeast	\$0.86	\$-	\$-	\$-	\$0.86
	Southwest	\$0.86	\$(8.12)	\$-	\$-	\$(7.26)
	Southeast	\$0.86	\$-	\$(8.11)	\$-	\$(7.25)
Change (%)	Northwest	28%	NA	NA	NA	28%
	Northeast	28%	NA	NA	NA	28%
	Southwest	28%	(100%)	NA	NA	(65%)
	Southeast	28%	NA	(100%)	NA	(65%)

Fee per Sq. Ft. Retail

	Area	CFF	SWADIF	SEADIF	Park	Total
Current	Northwest	\$11.89	\$-	\$-	\$-	\$11.89
	Northeast	\$11.89	\$-	\$-	\$-	\$11.89
	Southwest	\$3.78	\$9.33	\$-	\$-	\$13.11
	Southeast	\$3.78	\$-	\$9.32	\$-	\$13.10
Proposed	Northwest	\$15.26	\$-	\$-	\$-	\$15.26
	Northeast	\$15.26	\$-	\$-	\$-	\$15.26
	Southwest	\$4.85	\$-	\$-	\$-	\$4.85
	Southeast	\$4.85	\$-	\$-	\$-	\$4.85
Change (\$)	Northwest	\$3.37	\$-	\$-	\$-	\$3.37
	Northeast	\$3.37	\$-	\$-	\$-	\$3.37
	Southwest	\$1.07	\$(9.33)	\$-	\$-	\$(8.26)
	Southeast	\$1.07	\$-	\$(9.32)	\$-	\$(8.25)
Change (%)	Northwest	28%	NA	NA	NA	28%
	Northeast	28%	NA	NA	NA	28%
	Southwest	28%	(100%)	NA	NA	(63%)
	Southeast	28%	NA	(100%)	NA	(63%)

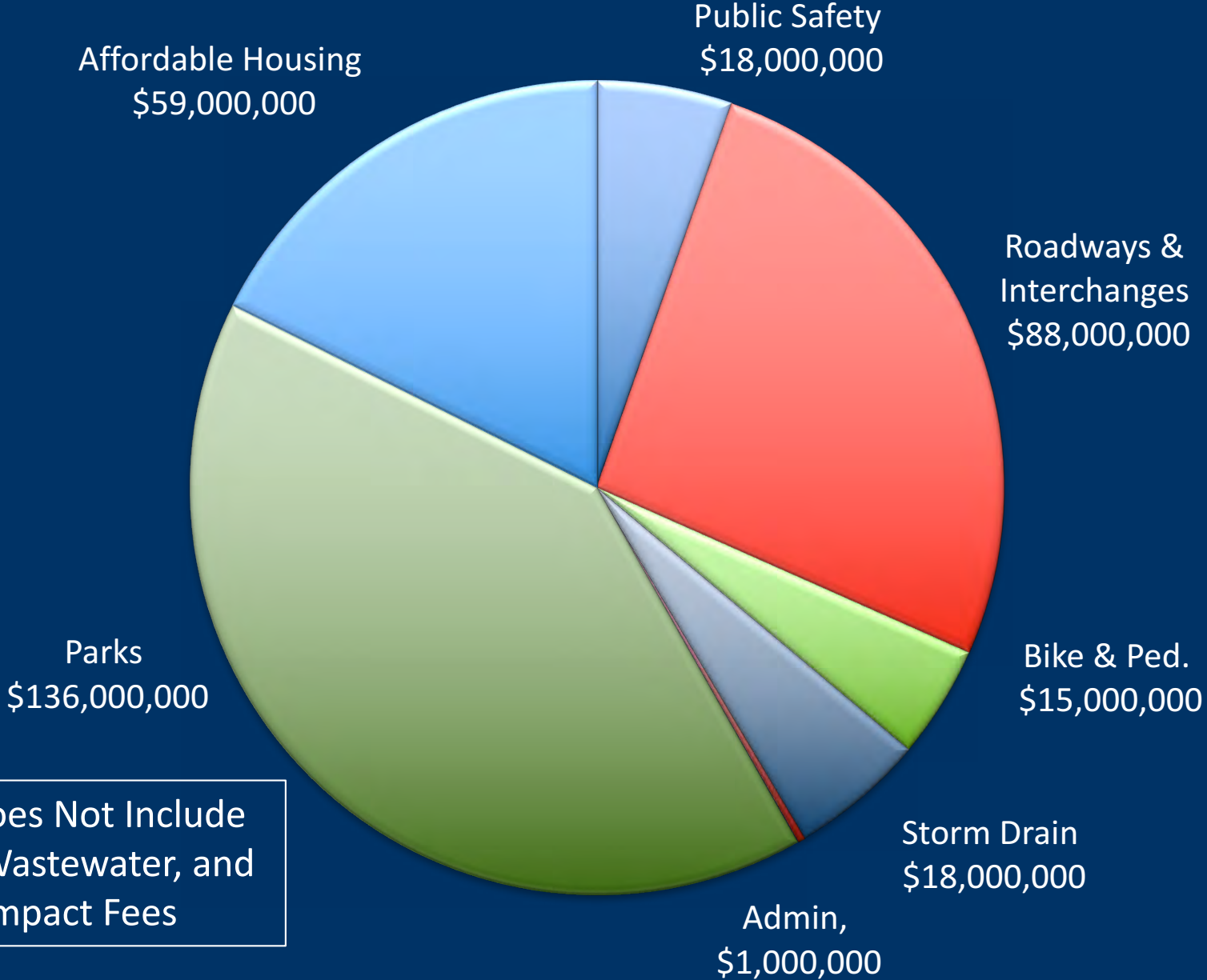
Growth Projection, 2016-2040

Land Use	Growth
Residential (dwelling units)	
Single Family	8,400
Multi-family	5,300
Total	13,700
Nonresidential (square feet)	
Office	1,052,100
Retail	1,554,300
Institutional	572,400
Hotel	95,300
Industrial	1,448,500
Total	4,722,600

Program Proposal Revenue & Funding Needs

Fee	2017-2040 Revenue	Funding Provided vs. Need
CFF: Roadways & Interchanges	\$88 mil.	60% of costs to maintain roadway LOS
CFF: Bike & Pedestrian	\$15 mil.	60% of high priority projects in Bike & Ped. master plan
CFF: Public Safety	\$18 mil.	40% of staff-developed project list for buildout
CFF: Storm Drain	\$18 mil.	Not available
CFF: Program administration	\$2 mil.	Estimate of actual costs
Park Land Dedication and In-lieu Fee	\$136 mil.	Maintains 3-acre / 1,000 standard; excludes SW Community Center
Housing Impact Fee	\$58 mil.	Not available
TOTAL	\$335 mil.	

Program Proposal Revenue (2040)



Note: Does Not Include Water, Wastewater, and School Impact Fees

SANTA ROSA NEXUS STUDY FEASIBILITY ANALYSIS: PRELIMINARY RESULTS



July 11, 2017

Residential Prototypes

	Single-Family Detached	Single-Family Attached	Multi-Family Apartments
Building Type	2-story wood frame, attached garage	2-story wood frame, surface parking	3 story wood frame, surface parking
Unit Type	3 bed, 2.5 bath	3 bed, 2.5 bath	1 bed, 1 bath 2 bed, 2 bath 3 bed, 2 bath
Number of Units	50	50	100
Average Unit Size (SF)	2,000	1,600	908
Dwellings per Acre	8.0	15.0	25
Parking Spaces	2	125	205

Commercial Prototypes

	Retail	Industrial/ Business Park	Hotel
Square Feet (SF)	100,000	100,000	100,000
FAR	0.2	0.4	1.0
Gross SF per Room			570
Hotel Rooms			175
Parking	Surface	Surface	Surface
Parking Ratio (per 1,000 SF /room)	4	3	1
Parking Spaces	25	33	175

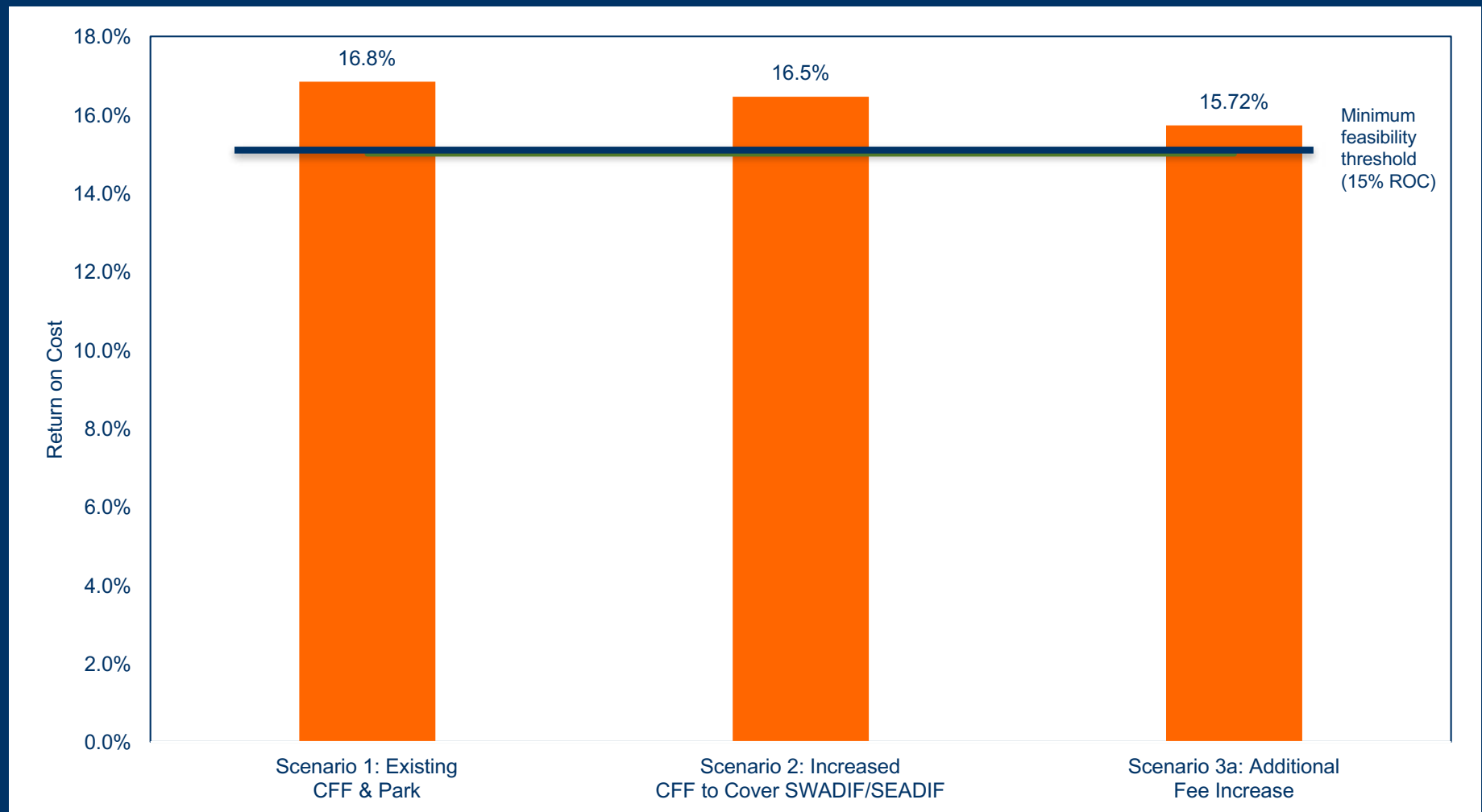
Fee Scenarios Tested

- **Scenario 1: Existing CFF & Park Fees, eliminate SWADIF & SEADIF**
- **Scenario 2: Maintain fee revenue citywide by increasing the CFF to replace SEADIF and SWADIF revenue**
 - CFF increases 28%
- **Scenario 3: Additional Fee Increase**
 - Residential: Increase current fee burden by \$3,000-\$5,000 per unit
 - Commercial: Increase current fee burden by \$3-\$12 per square foot

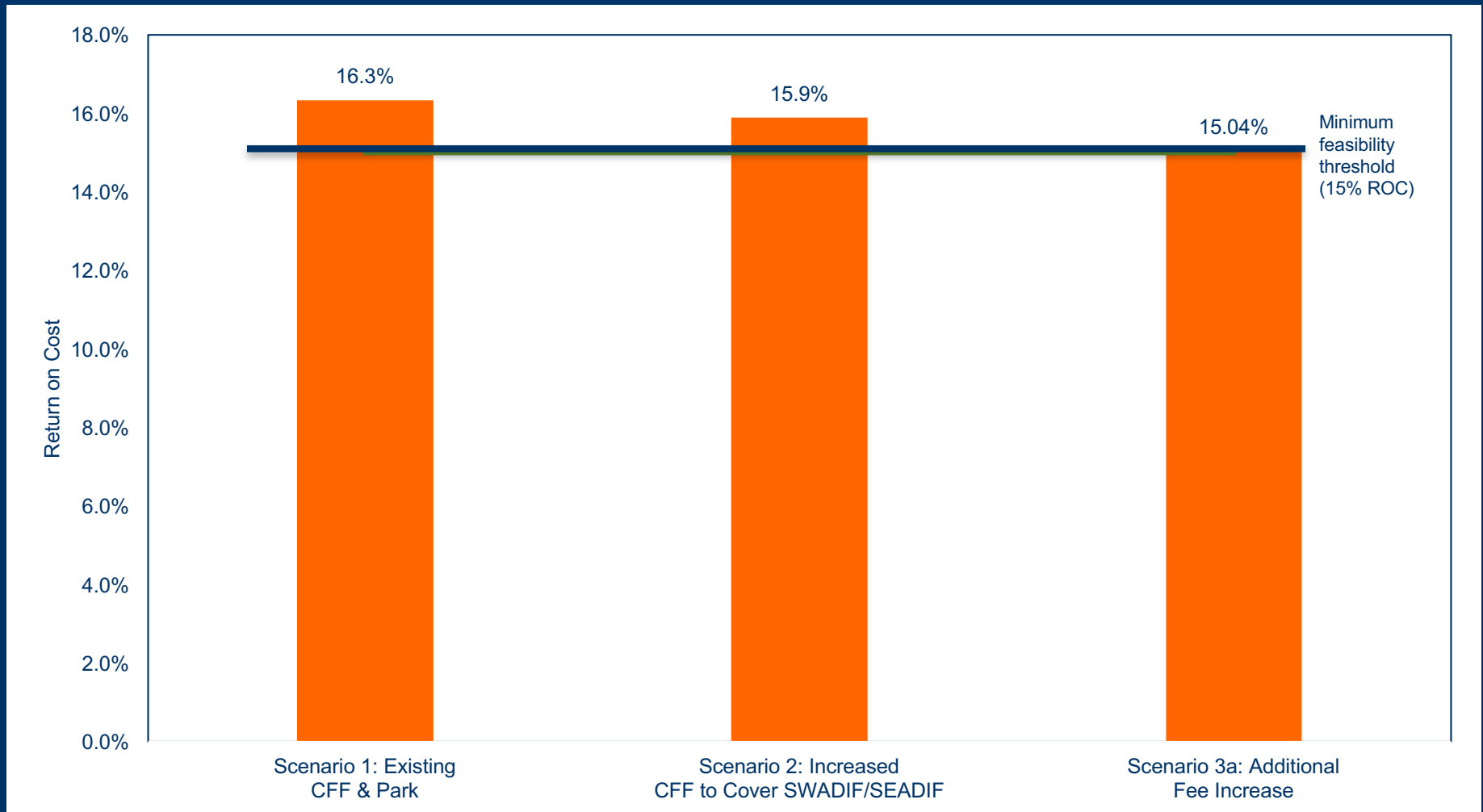
Approach & Key Assumptions

- **Estimated existing fees assuming development occurs in Northwest Quadrant and Santa Rosa City School District**
- **Costs and revenues based on citywide average data, developer interviews, and industry standards**
 - Feasibility of individual projects depends on site characteristics, location within the City, other specific factors
- **Measures of feasibility**
 - Return on cost = $(\text{Sales proceeds} - \text{cost}) / \text{cost}$
 - Yield on cost = $(\text{Annual NOI} - \text{cost}) / \text{cost}$
 - Thresholds tied to market capitalization rates

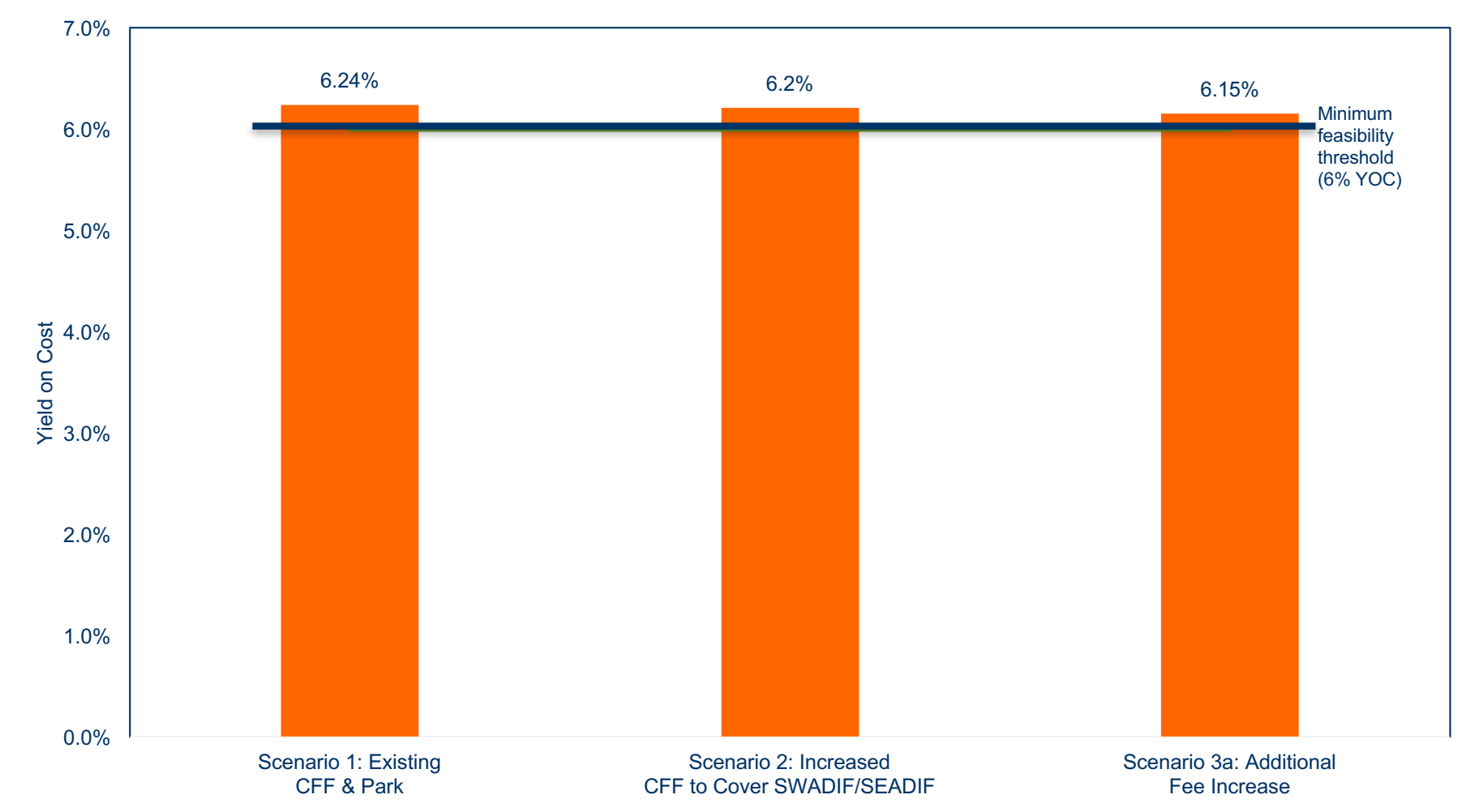
Preliminary Results: Single-Family Detached



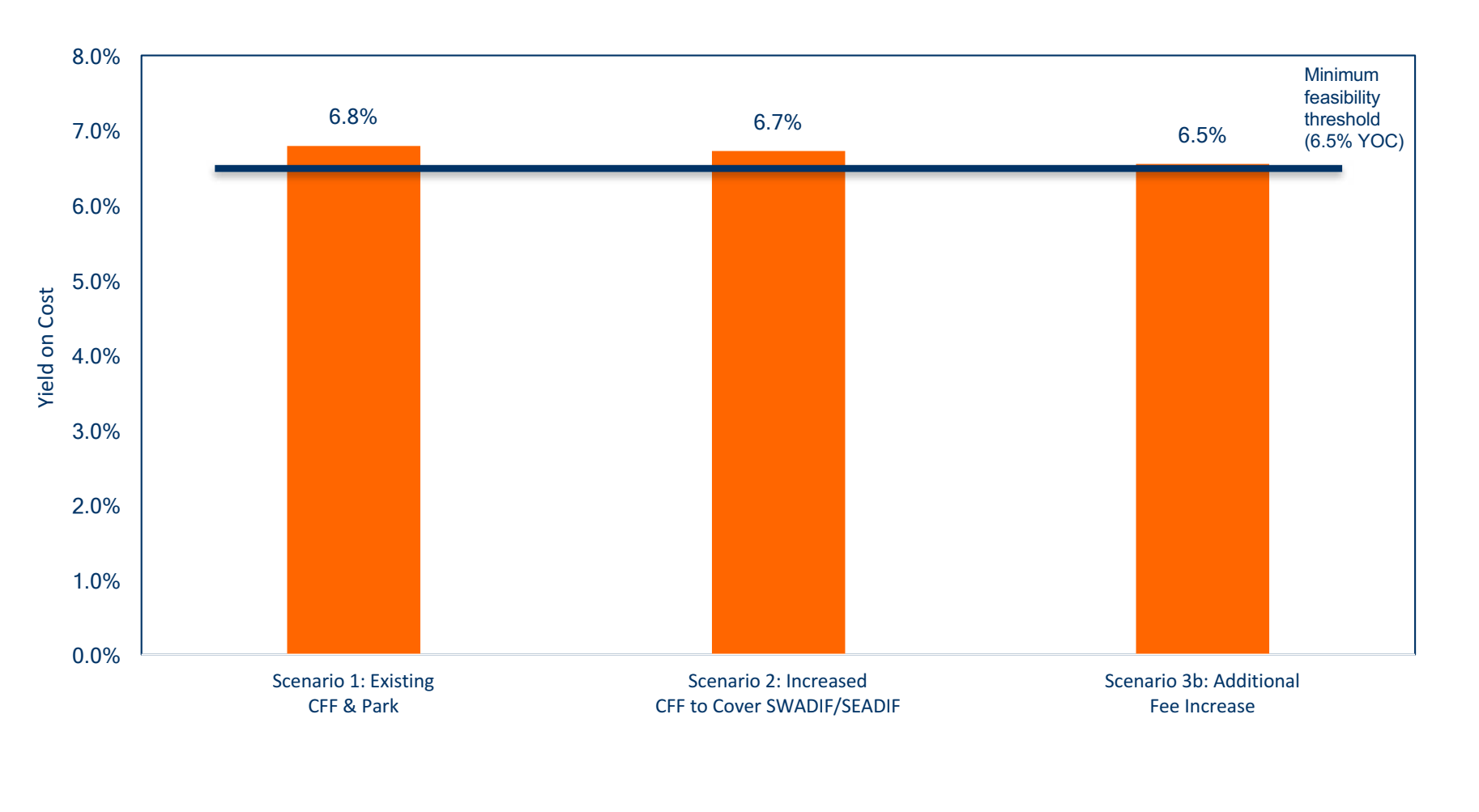
Preliminary Results: Single-Family Attached



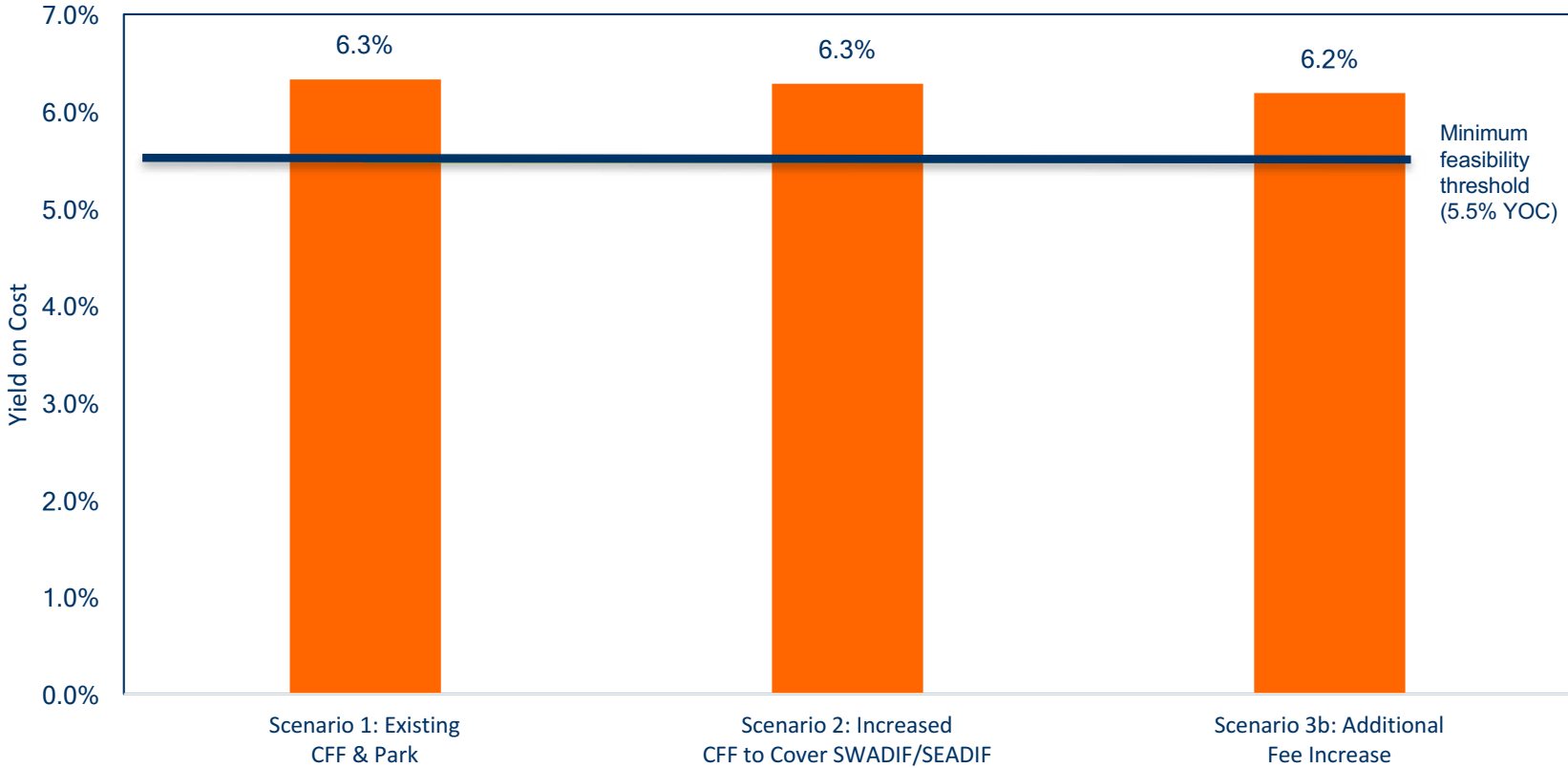
Preliminary Results: Multi-Family Apartments



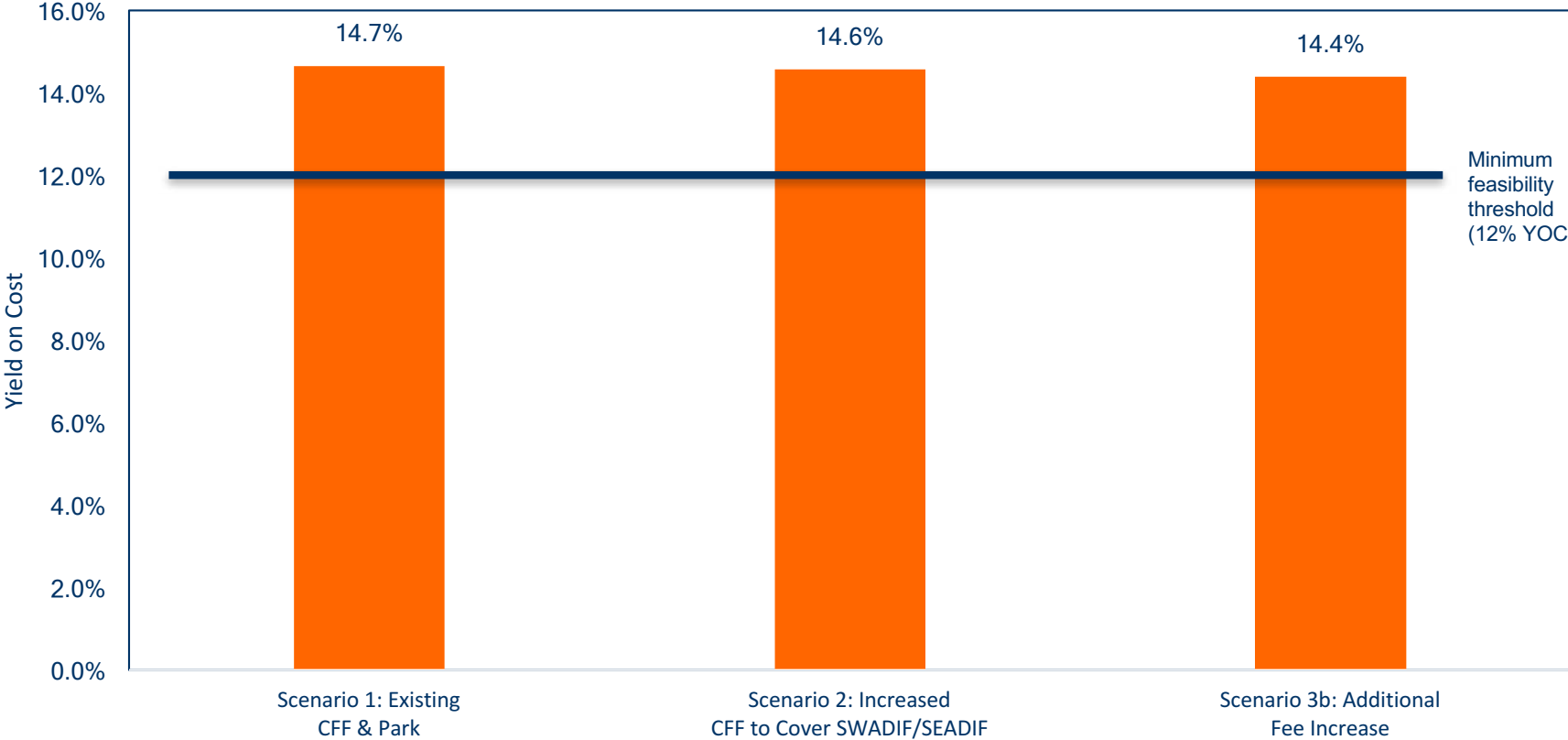
Preliminary Results: Retail/Restaurants



Preliminary Results: Industrial/Business Park



Preliminary Results: Hotel



Caveats and Considerations

- **Feasibility of individual projects depend on site characteristics, location within Santa Rosa, and other specific factors (eg. tiger salamander)**
- **Existing CFF and parks fees account for 2-4% of development cost, and total fees account for 5-10% of costs**
- **Building and on-site improvements account for 40-60% of development costs**
- **According to developers, existing fee burden affects feasibility of some projects**

Conclusions and Implications

- **Residential and commercial fees have the capacity to be increased before feasibility of prototypes would be significantly affected**
- **Policy priorities must determine how increased fees and/or new fees are allocated within overall fee envelope tested (i.e. CFF, Parks, Housing Impact Fee and Commercial Linkage Fee)**