



# Public Hearing: Development (Impact) Fees

September 9, 2014

## August 5<sup>th</sup>

Mayor and Council adopted the Land Use Assumptions and Infrastructure Improvement Plans (IIPs) for Streets, Parks and Recreation, Police and Fire. The IIPs establish the methodology and set the development (impact) fee maximums.

## Tonight

Mayor and Council direction is sought regarding setting of the development impact fee rates.

## Next Steps

- Oct 9<sup>th</sup>: Adopt fees and ordinance
- Dec 23<sup>rd</sup>: Fee effective date
- Spring 2015: Review/update IIP Project List and incorporate into FY16 CIP



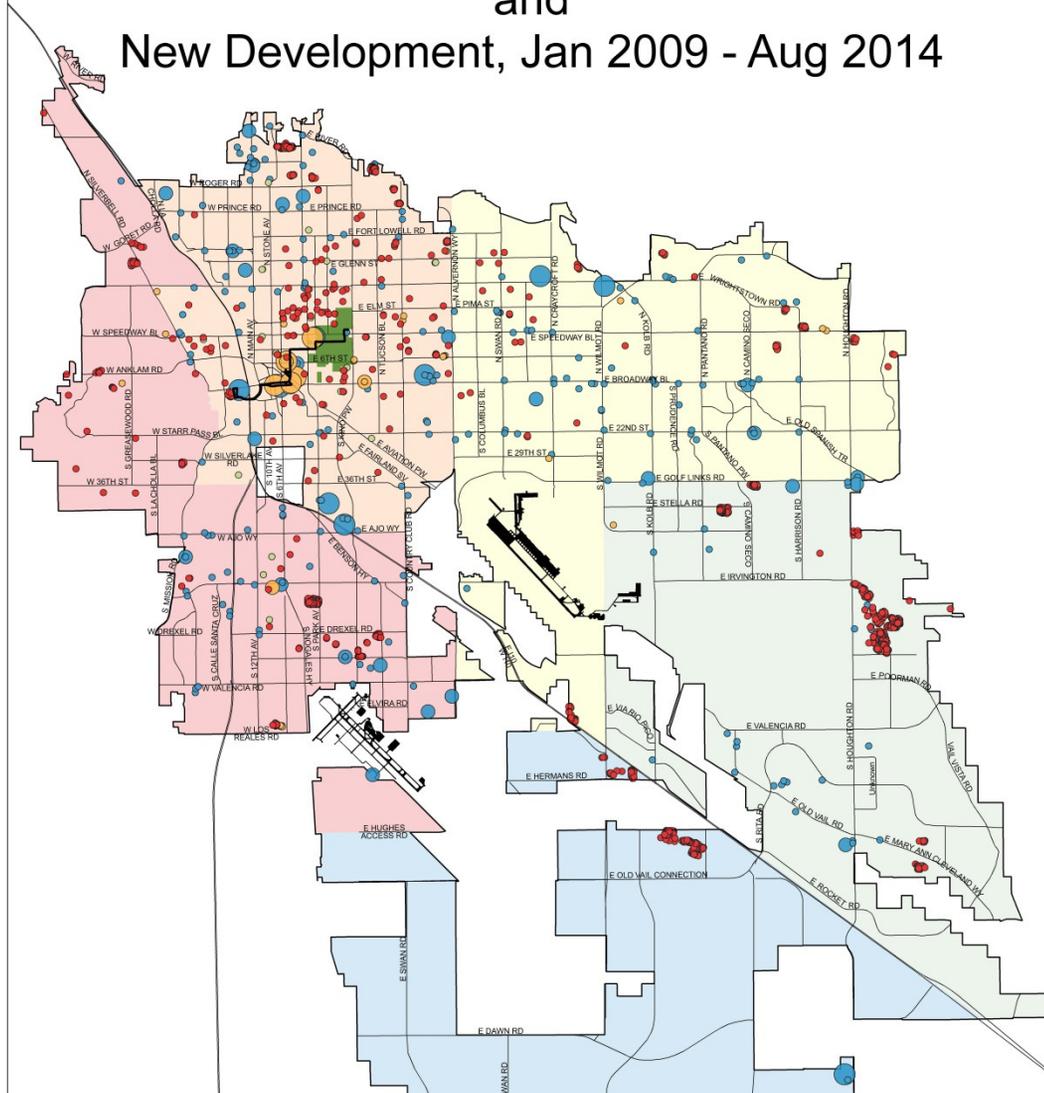
# Stakeholder Discussions

- Per Mayor and Council direction August 5th, discussions have taken place with Southern Arizona Homebuilders Association, Metropolitan Pima Alliance, Arizona Multi-housing Association, City Pedestrian Advisory Committee, and Living Streets Alliance (attachment 1 in the materials details the list of comments and responses).
- Additional understanding was reached, however there remain some points of disagreement primarily related to 1) the benefit of the proposed streets projects to new development, and 2) the eligibility of certain park facilities for inclusion in establishing level of service. The maps on the following pages provide additional justification of the benefit of the proposed impact fee program to new development.
- The focus at this time is on setting the impact fee rates; development stakeholders have expressed interest in capping the rates at the previous amounts and/or phasing-in to the new full rates.



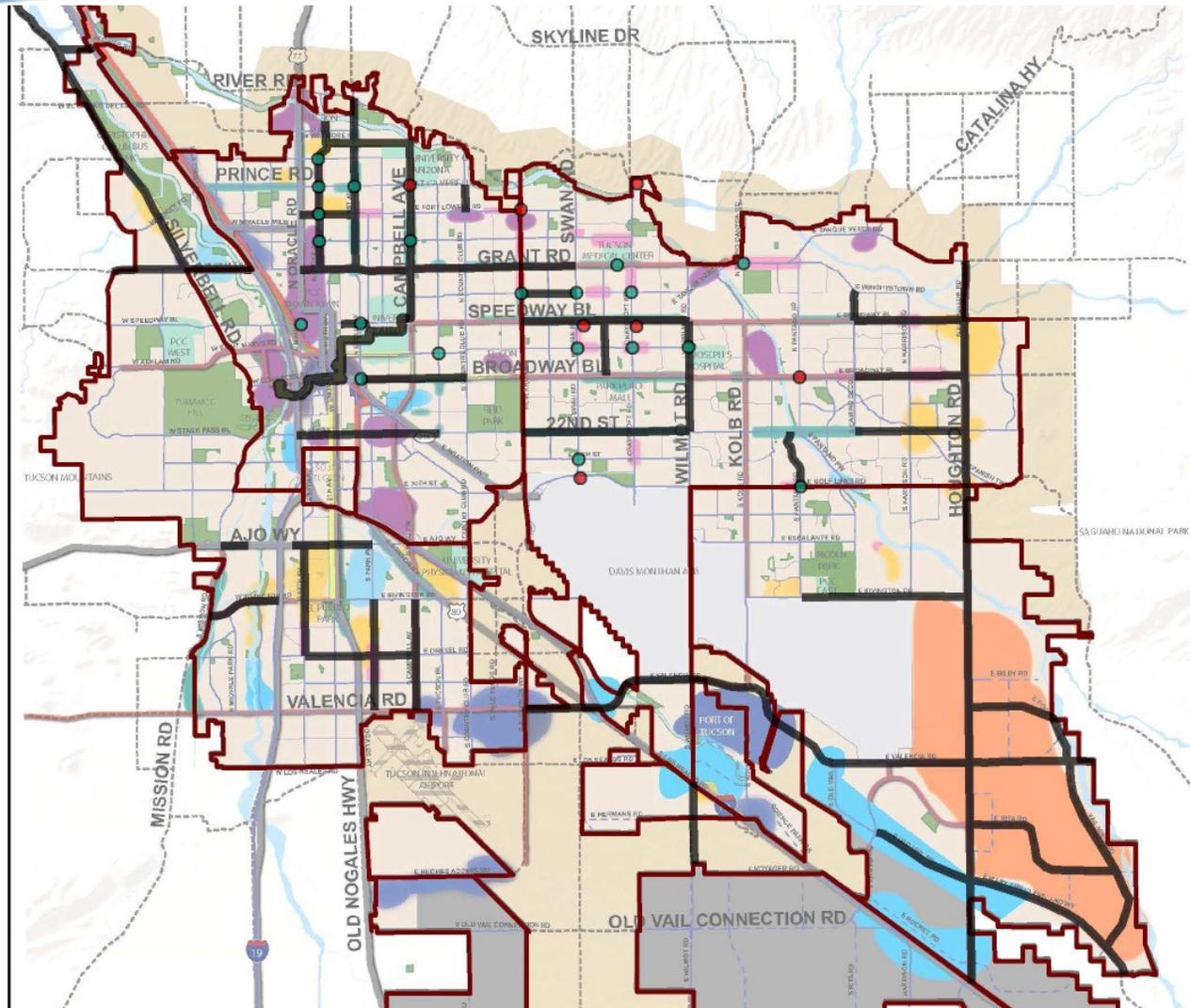
# Recent Development Patterns in the City of Tucson

COT Development Impact Fee Areas  
and  
New Development, Jan 2009 - Aug 2014



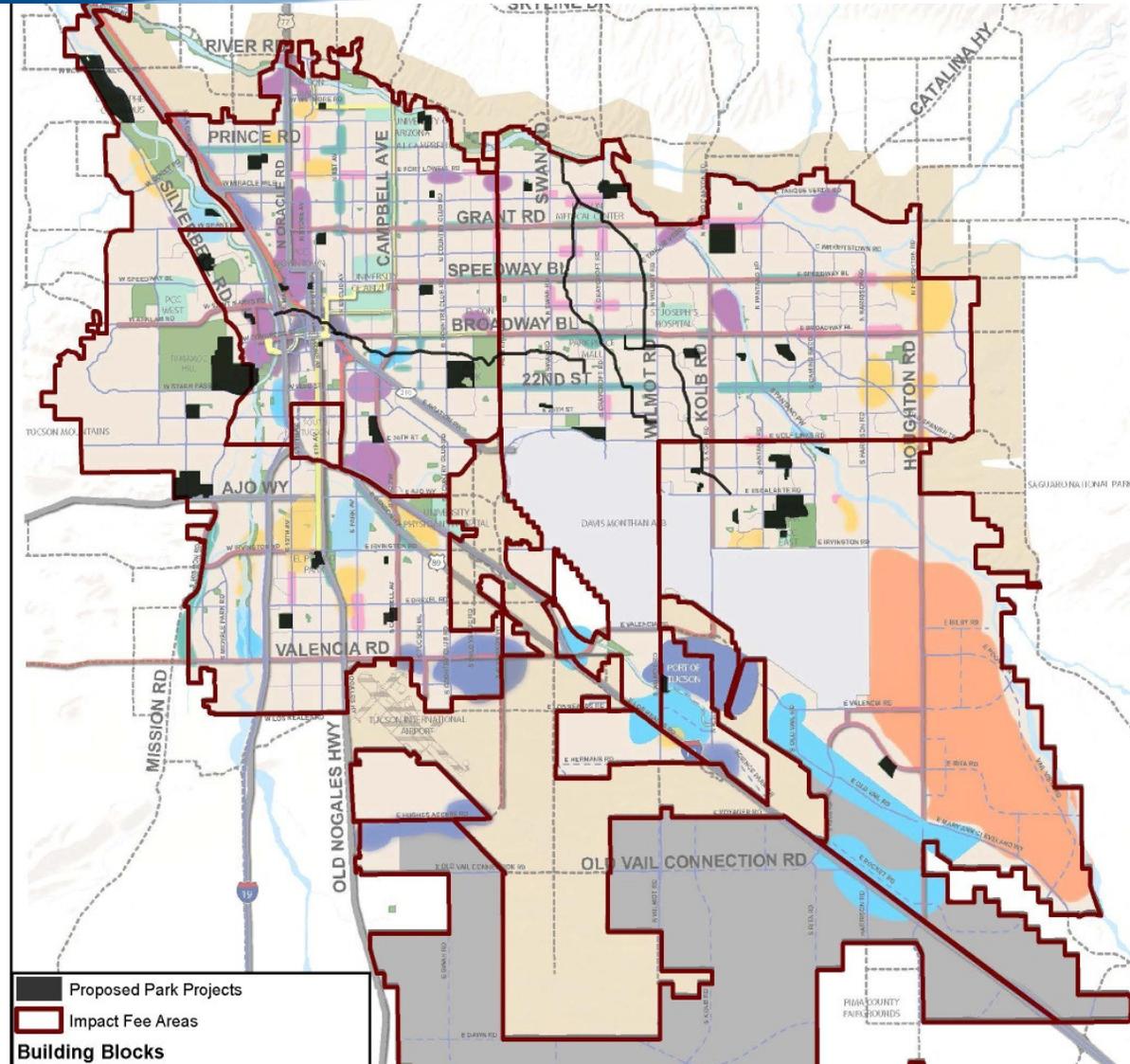


Streets  
Impact  
Fee  
Projects  
are  
located in  
and  
around  
Plan  
Tucson  
Growth  
Areas





Parks  
Impact Fee  
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are located  
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## Fee Schedule

### IIP-Based Rates & Phase-In Rates

- On the following 3 pages, the impact fee rates for each land use category based on the Infrastructure Improvement Plans (IIPs) are shown in the left column. These are the recommended maximum rates the Council could set.
- If Council chooses to phase-in the new impact fee rates, the rates shown on the right column are recommended for the initial phase-in period. These rates reflect the lower of the new IIP-based rates and the prior City rates, and have the effect of lowering the overall impact fee amounts charged.



## IIP-Based Rates

## Phase-In Rates

### SINGLE-FAMILY RESIDENTIAL (per unit)

|              | Central        | West            | East           | Southeast      | Southlands     |
|--------------|----------------|-----------------|----------------|----------------|----------------|
| STREETS      | \$5,691        | \$5,691         | \$5,691        | \$5,691        | \$5,691        |
| PARKS        | \$2,945        | \$3,953         | \$1,826        | \$2,775        | \$218          |
| POLICE       | \$379          | \$379           | \$379          | \$379          | \$379          |
| FIRE         | \$303          | \$303           | \$303          | \$303          | \$303          |
| <b>TOTAL</b> | <b>\$9,318</b> | <b>\$10,326</b> | <b>\$8,199</b> | <b>\$9,148</b> | <b>\$6,591</b> |

|                                       | Central        | West           | East           | Southeast      | Southlands     |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| STREETS                               | \$4,838        | \$4,838        | \$4,838        | \$4,838        | \$4,838        |
| PARKS                                 | \$1,935        | \$1,935        | \$1,826        | \$1,935        | \$218          |
| POLICE                                | \$379          | \$379          | \$379          | \$379          | \$379          |
| FIRE                                  | \$303          | \$303          | \$303          | \$303          | \$303          |
| <b>TOTAL</b>                          | <b>\$7,455</b> | <b>\$7,455</b> | <b>\$7,346</b> | <b>\$7,455</b> | <b>\$5,738</b> |
| <i>Pre-Legislative Changes, TOTAL</i> | <i>\$7885</i>  | <i>\$7885</i>  | <i>\$7885</i>  | <i>\$7885</i>  | <i>\$7885</i>  |

### CONDO/TOWNHOMES (per unit)

|              | Central        | West           | East           | Southeast      | Southlands     |
|--------------|----------------|----------------|----------------|----------------|----------------|
| STREETS      | \$4,059        | \$4,059        | \$4,059        | \$4,059        | \$4,059        |
| PARKS        | \$1,998        | \$2,683        | \$1,239        | \$1,883        | \$148          |
| POLICE       | \$257          | \$257          | \$257          | \$257          | \$257          |
| FIRE         | \$206          | \$206          | \$206          | \$206          | \$206          |
| <b>TOTAL</b> | <b>\$6,520</b> | <b>\$7,205</b> | <b>\$5,761</b> | <b>\$6,405</b> | <b>\$4,670</b> |

|                                       | Central        | West           | East           | Southeast      | Southlands     |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| STREETS                               | \$3,978        | \$3,978        | \$3,978        | \$3,978        | \$3,978        |
| PARKS                                 | \$1,591        | \$1,591        | \$1,239        | \$1,591        | \$148          |
| POLICE                                | \$257          | \$257          | \$257          | \$257          | \$257          |
| FIRE                                  | \$206          | \$206          | \$206          | \$206          | \$206          |
| <b>TOTAL</b>                          | <b>\$6,032</b> | <b>\$6,032</b> | <b>\$5,680</b> | <b>\$6,032</b> | <b>\$4,589</b> |
| <i>Pre-Legislative Changes, TOTAL</i> | <i>\$6,681</i> | <i>\$6,681</i> | <i>\$6,681</i> | <i>\$6,681</i> | <i>\$6,681</i> |



## IIP-Based Rates

## Phase-In Rates

### MULTI-FAMILY/APARTMENTS (per unit)

|              | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|--------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS      | \$3,457        | \$3,457        | \$3,457        | \$3,457          | \$3,457           |
| PARKS        | \$1,788        | \$2,400        | \$1,108        | \$1,685          | \$132             |
| POLICE       | \$230          | \$230          | \$230          | \$230            | \$230             |
| FIRE         | \$183          | \$183          | \$183          | \$183            | \$183             |
| <b>TOTAL</b> | <b>\$5,658</b> | <b>\$6,270</b> | <b>\$4,978</b> | <b>\$5,555</b>   | <b>\$4,002</b>    |

|                                       | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|---------------------------------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS                               | \$2,580        | \$2,580        | \$2,580        | \$2,580          | \$2,580           |
| PARKS                                 | \$1,032        | \$1,032        | \$1,032        | \$1,032          | \$132             |
| POLICE                                | \$230          | \$230          | \$230          | \$230            | \$230             |
| FIRE                                  | \$183          | \$183          | \$183          | \$183            | \$183             |
| <b>TOTAL</b>                          | <b>\$4,025</b> | <b>\$4,025</b> | <b>\$4,025</b> | <b>\$4,025</b>   | <b>\$3,125</b>    |
| <i>Pre-Legislative Changes, TOTAL</i> | <b>\$4,434</b> | <b>\$4,434</b> | <b>\$4,434</b> | <b>\$4,434</b>   | <b>\$4,434</b>    |

### RETAIL (per 1,000 sf)

|              | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|--------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS      | \$6,507        | \$6,507        | \$6,507        | \$6,507          | \$6,507           |
| PARKS        | \$38           | \$51           | \$23           | \$36             | \$3               |
| POLICE       | \$321          | \$321          | \$321          | \$321            | \$321             |
| FIRE         | \$157          | \$157          | \$157          | \$157            | \$157             |
| <b>TOTAL</b> | <b>\$7,023</b> | <b>\$7,036</b> | <b>\$7,008</b> | <b>\$7,021</b>   | <b>\$6,988</b>    |

|                                       | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|---------------------------------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS                               | \$4,282        | \$4,282        | \$4,282        | \$4,282          | \$4,282           |
| PARKS                                 | \$38           | \$51           | \$23           | \$36             | \$3               |
| POLICE                                | \$321          | \$321          | \$321          | \$321            | \$321             |
| FIRE                                  | \$157          | \$157          | \$157          | \$157            | \$157             |
| <b>TOTAL</b>                          | <b>\$4,798</b> | <b>\$4,811</b> | <b>\$4,783</b> | <b>\$4,796</b>   | <b>\$4,763</b>    |
| <i>Pre-Legislative Changes, TOTAL</i> | <b>\$5,250</b> | <b>\$5,250</b> | <b>\$5,250</b> | <b>\$5,250</b>   | <b>\$5,250</b>    |



## IIP-Based Rates

## Phase-In Rates

### OFFICE (per 1,000 sf)

|              | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|--------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS      | \$3,797        | \$3,797        | \$3,797        | \$3,797          | \$3,797           |
| PARKS        | \$38           | \$51           | \$23           | \$36             | \$3               |
| POLICE       | \$321          | \$321          | \$321          | \$321            | \$321             |
| FIRE         | \$157          | \$157          | \$157          | \$157            | \$157             |
| <b>TOTAL</b> | <b>\$4,313</b> | <b>\$4,326</b> | <b>\$4,298</b> | <b>\$4,311</b>   | <b>\$4,278</b>    |

|                                       | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|---------------------------------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS                               | \$3,797        | \$3,797        | \$3,797        | \$3,797          | \$3,797           |
| PARKS                                 | \$38           | \$51           | \$23           | \$36             | \$3               |
| POLICE                                | \$321          | \$321          | \$321          | \$321            | \$321             |
| FIRE                                  | \$157          | \$157          | \$157          | \$157            | \$157             |
| <b>TOTAL</b>                          | <b>\$4,313</b> | <b>\$4,326</b> | <b>\$4,298</b> | <b>\$4,311</b>   | <b>\$4,278</b>    |
| <i>Pre-Legislative Changes, TOTAL</i> | <b>\$6,055</b> | <b>\$6,055</b> | <b>\$6,055</b> | <b>\$6,055</b>   | <b>\$6,055</b>    |

### INDUSTRIAL (per 1,000 sf)

|              | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|--------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS      | \$806          | \$806          | \$806          | \$806            | \$806             |
| PARKS        | \$38           | \$51           | \$23           | \$36             | \$3               |
| POLICE       | \$321          | \$321          | \$321          | \$321            | \$321             |
| FIRE         | \$157          | \$157          | \$157          | \$157            | \$157             |
| <b>TOTAL</b> | <b>\$1,322</b> | <b>\$1,335</b> | <b>\$1,307</b> | <b>\$1,320</b>   | <b>\$1,287</b>    |

|                                       | <i>Central</i> | <i>West</i>    | <i>East</i>    | <i>Southeast</i> | <i>Southlands</i> |
|---------------------------------------|----------------|----------------|----------------|------------------|-------------------|
| STREETS                               | \$806          | \$806          | \$806          | \$806            | \$806             |
| PARKS                                 | \$38           | \$51           | \$23           | \$36             | \$3               |
| POLICE                                | \$321          | \$321          | \$321          | \$321            | \$321             |
| FIRE                                  | \$157          | \$157          | \$157          | \$157            | \$157             |
| <b>TOTAL</b>                          | <b>\$1,322</b> | <b>\$1,335</b> | <b>\$1,307</b> | <b>\$1,320</b>   | <b>\$1,287</b>    |
| <i>Pre-Legislative Changes, TOTAL</i> | <b>\$3,164</b> | <b>\$3,164</b> | <b>\$3,164</b> | <b>\$3,164</b>   | <b>\$3,164</b>    |



# Comparison with Other Jurisdictions

## Single Family Residential Rates

|              | TUCSON                     | MARANA          | ORO VALLEY     | PIMA COUNTY    | PHOENIX* NW     | PHOENIX* SW     | CHANDLER SE     | GLENDALE WEST   |
|--------------|----------------------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| STREETS      | \$5,691                    | \$5,599         | \$1,990        | \$5,478        | \$2,421         | \$626           | \$3,901         | \$3,522         |
| PARKS        | \$218-<br>\$3,953          | \$2,461         | \$856          | \$1,500        | \$5,651         | \$4,397         | \$3,246         | \$909           |
| POLICE       | \$379                      | \$0             | \$310          | \$0            | \$493           | \$490           | \$277           | \$339           |
| FIRE         | \$303                      | \$0             | \$0            | \$0            | \$514           | \$634           | \$412           | \$1,146         |
| CST          | \$0                        | \$3,250         | \$3,900        | N/A            | \$3,900         | \$3,900         | \$2,200         | \$5,655         |
| <b>TOTAL</b> | <b>\$6,591-<br/>10,326</b> | <b>\$11,310</b> | <b>\$7,056</b> | <b>\$6,978</b> | <b>\$12,979</b> | <b>\$10,047</b> | <b>\$10,036</b> | <b>\$11,571</b> |



## Recommendation

- Adopt the IIP-based rates, with a phase-in period at the lower rates until July 1, 2016. This will ensure that developers entering the pipeline now pay the same or lower impact fee rates as they have in the past.
- Council will review the impact fee project list each year as part of the budget/CIP process to ensure expenditures are benefiting new development and are in compliance with state statute.
- Due to the challenges and costs created by the new impact fee statute, explore alternatives to infrastructure funding which could replace impact fees including added construction sales tax and bonding capacity (both requiring charter change and voter approval).