



PLANNING COMMISSION

Department of Urban Planning & Design • P.O. Box 27210 • Tucson, AZ 85726-7210

DATE: March 4, 2009

TO: Planning Commission

FROM: *Albert Elias*
Albert Elias, AICP
Executive Secretary

SUBJECT: Proposal to Mayor and Council to Suspend Development Impact Fees

Issue: At the February 10, 2009 Study Session, Mayor and Council discussed the idea of suspending development impact fees as a way to spur development. Council Member Glassman's memorandum asking for the item to be placed on the agenda is attached. According to Council Member Glassman's memorandum, "a suspension of impact fees would promote development within City limits, encouraging urban infill, and leveraging the use of already existing infrastructure...suspending impact fees may have a positive benefit to the general fund if it spurs construction and retail development (which both benefit the General Fund) that might otherwise not occur in this market."

The Mayor and Council asked the Metropolitan Pima Alliance to lead a stakeholders group to discuss this proposal and any other ideas related to stimulating the local economy, and report back to the Mayor and Council in 30 days at the March 10th meeting. The Chair of the Planning Commission asked that this item be placed on tonight's Planning Commission agenda for discussion. Below is information related to impact fees and the proposal.

Discussion:

Fee Overview

The City currently has impact fees for roads, parks, police, fire, and public facilities. The City also has an impact fee for water which is called a system equity fee. Impact fees are charged to new residential and commercial development at the time of permitting. Impact fees can be used to pay for new and expanded infrastructure, facilities, buildings, and equipment needed to serve new development. Impact fees cannot be used for operating expenses and cannot be used to replace or rehabilitate existing facilities.

Background

Impact fees were identified as a means to recover growth-related costs in the City's General Plan approved by voters in 2001 and are an important component of the City's Financial Sustainability Plan approved by the Mayor and Council in April 2006.

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Impact Fee Revenues Collected Since Inception (through 12/31/08):

Roads	\$18,235,000
Parks	\$5,872,000
Police	\$334,000
Fire	\$243,000
Public Facilities	\$249,000
Total	\$24,933,000

In addition to the above revenue, the City has earned interest on the above funds, and has provided approximately \$3.5 million in road fee credits to developers who have built impact fee-eligible projects rather than paying fees.

Impact Fee Revenues: Original Projections vs. Adjusted Projection (for the next year)

Roads	\$12 million	\$4.5 million
Parks	\$4 million	\$450,000
Police	\$2.5 million	\$600,000
Fire	\$1.85 million	\$350,000
Public Facilities	\$1.88 million	\$350,000

Fee Implementation Dates

Roads

Residential: July 15, 2005 through January 15, 2006: 50%; January 16, 2007: 100%
Non-residential: July 15, 2006 through January 15, 2008: 50%; January 16, 2008: 100%

Parks

Residential: July 15, 2005 through January 15, 2006: 50%; January 16, 2007: 100%
No fees for non-residential

Police

Residential: January 16, 2008
Non-residential: January 16, 2009

Fire

Residential: January 16, 2008
Non-residential: January 16, 2009

Public Facilities

Residential: January 16, 2008
Non-residential: January 16, 2009

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City of Tucson Permit Data

The numbers below reflect permits that pay impact fees (e.g. new construction vs. building replacement or remodeling)

Residential:

2007: 1,124

2008: 532

Commercial:

2007: 50

2008: 99

Economic Stimulus Stakeholder's Group

The Economic Stimulus Stakeholder's Group has met four times (Feb. 16, Feb. 23, Feb. and Feb. 26). They are planning on meeting three more times (March 3, March 5, and March 9) before reporting back to Mayor and Council on March 10, 2009. All remaining meetings are scheduled to be held from 4:00 p.m. to 6:00 p.m. at the Randolph Clubhouse – Copper Room, 600 S. Alvernon Way.



MEMORANDUM

DATE: January 30th, 2009

TO: Mayor and Council

FROM: Rodney Glassman *RG*
Ward 2 Council Member

SUBJECT: Creating jobs, stimulating the Tucson economy, and promoting in-fill

Tucson, Arizona, and indeed our entire nation face an unprecedented economic crisis which will fundamentally change the way that government functions at all levels. Many of us have been asking throughout the community, "What can we do to immediately generate jobs for Tucsonans?"

Recently, our office began exploring how the City can jumpstart the construction industry in the City of Tucson in order to create jobs, and help spur sales tax revenues which our City desperately needs to provide vital City services to help fill our ballooning budget deficit.

A suspension of impact fees would promote development within City limits, encouraging urban infill, and leveraging the use of already existing infrastructure. Additionally, residential infill development would be closer to jobs in the city, meaning less time in cars on the roads. Higher density development due to infill would also encourage the use of public transit.

By law, impact fee revenues are maintained separate from the General Fund. According to the City Manager's office, suspending these fees will have little or no effect on the general fund. Because building permit activity is currently low due to the housing market and general state of the economy, suspending impact fees may have a positive benefit to the general fund if it spurs construction and retail development (which both benefit the General Fund) that might otherwise not occur in this market.

I am requesting the following topic for discussion at Mayor and Council Study Session on February 10th.

Consideration of temporarily suspending residential and commercial impact fees (excluding public safety) for a period of twelve months.

cc: Mike Hein, City Manager
Mike Rankin, City Attorney
Ernie Duarte, Development Services
Christina Parisi, Agenda Coordinator



MAYOR & COUNCIL MEMORANDUM

February 10, 2009

Subject: Consideration of Temporarily Suspending Page 1 of 1
Residential and Commercial Impact Fees
(excluding Public Safety) for a Period of Twelve
Months (City-Wide)

Pursuant to the request of Council Member Glassman, time has been set aside for a discussion to consider temporarily suspending residential and commercial impact fees (excluding Public Safety) for a period of twelve months.

Respectfully submitted,



Mike Hein
City Manager

MH: CP

Attachments: Memorandum from Council Member Glassman dated January 20, 2009
Letter from Bob Cook, Co-Founder and Core Team Member, Sustainable Tucson
Letter from Former Mayor George Miller dated February 4, 2009
Letter from Jay Tripp, Plumbers and Pipe Fitters Union Local #469, dated
February 3, 2009
Letter from Linda Hatfield, President of Communications Workers of America,
dated February 5, 2009
Letter from Noemi Navarro, Vice President of Community and Economic
Development for Chicanos Por La Causa, dated February 4, 2009
Letter from Michael McDonald, Executive Director, Habitat for Humanity, dated
February 4, 2009
Letter from Omar Mireles, Executive Vice President, HSL Properties, dated
February 5, 2009
Letter from Brent Sandweiss, KS Companies, dated February 4, 2009
Letter from Ed Taczanowsky, President, Southern Arizona Home Builders
Association, dated January 29, 2009

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