

City of San Marcos

Development Impact Fee Update Study Stakeholder Workshop

October 23, 2024



What is a Development Impact Fee?

One-time charge



Imposed at building permit stage



Imposed on all development projects within a defined geographic area



Funds facilities to serve new development



Mitigation Fee Act Findings (Govt. Code §66001)

- Key findings
 - **Need:** Development \approx Need for facilities
 - **Benefit:** Development \approx Use of revenue
 - **Rough proportionality:** Fee amount \approx development's share of facility costs
- Other findings
 - Purpose of fee
 - Use of fee revenue

AB 602

- Requires local jurisdictions to make certain information available on website:
 - Current impact fee schedule
 - Nexus studies
 - Annual AB1600 reports
 - Five-Year AB1600 reports
- Changes to impact fee adoption process:
 - Prior to adoption of development fees, an impact fee nexus study needs to be adopted with 30 days notice
- Technical changes:
 - Residential fees should be charged per square foot, unless findings are supported that justify another metric
 - Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study
 - Nexus study should identify level of service
 - If fees are increasing, review the assumptions of the original nexus study and evaluate the amount of fees collected under the original fee

Impact Fees – Basic Methodology



ESTIMATE
EXISTING
DEVELOPMENT
AND FUTURE
GROWTH



IDENTIFY FACILITY
STANDARDS



DETERMINE NEW
FACILITY NEEDS
AND COSTS



ALLOCATE SHARE
TO
ACCOMMODATE
GROWTH



IDENTIFY
ALTERNATIVE
FUNDING NEEDS



CALCULATE FEE BY
ALLOCATING
COSTS PER UNIT
OF NEW
DEVELOPMENT

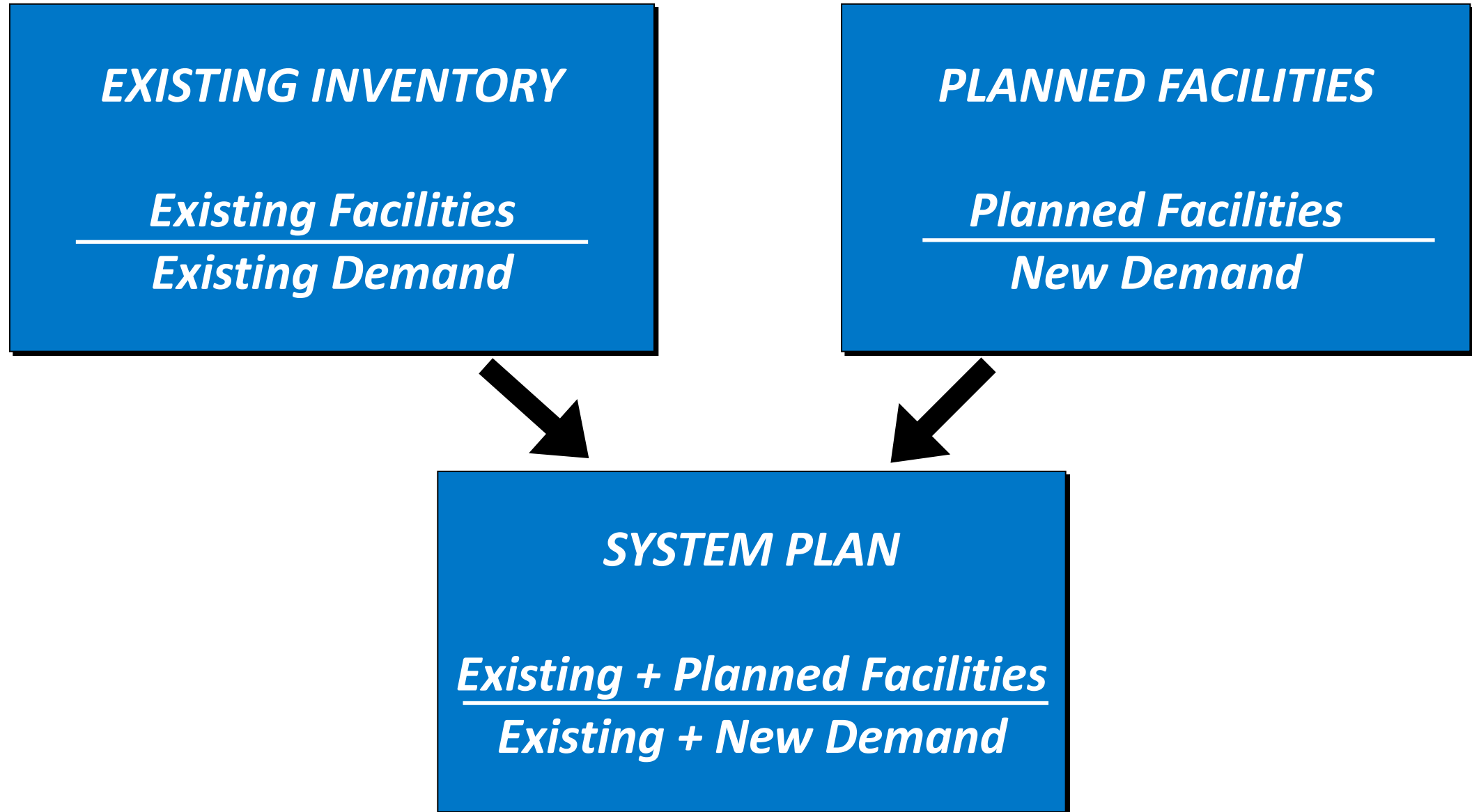
Impact Fee Categories

- Transportation Facilities
- Parks, Trails and Recreation Facilities Fee
- Fire and EMS Facilities
- Advanced Planning
- Habitat Conservation
- Storm Drains

Growth Projections

	2024	2040	Increase
Residents	93,730	113,540	19,810
Employment	33,160	45,358	12,198

Cost Allocation Methods: *WHAT Facilities Serve WHO*



Fee Program Methodologies

Existing Standard	Planned Facilities Standard	System Plan
<p>Parks, Trails and Recreation Facilities</p> <p>Roadway Component of Transportation</p>	<p>Storm Drain Facilities</p> <p>Bicycle and Pedestrian Facilities Component of Transportation</p>	<p>Fire and EMS Facilities</p> <p>Habitat Conservation</p> <p>Advanced Planning</p>

Projected Impact Fee Revenue

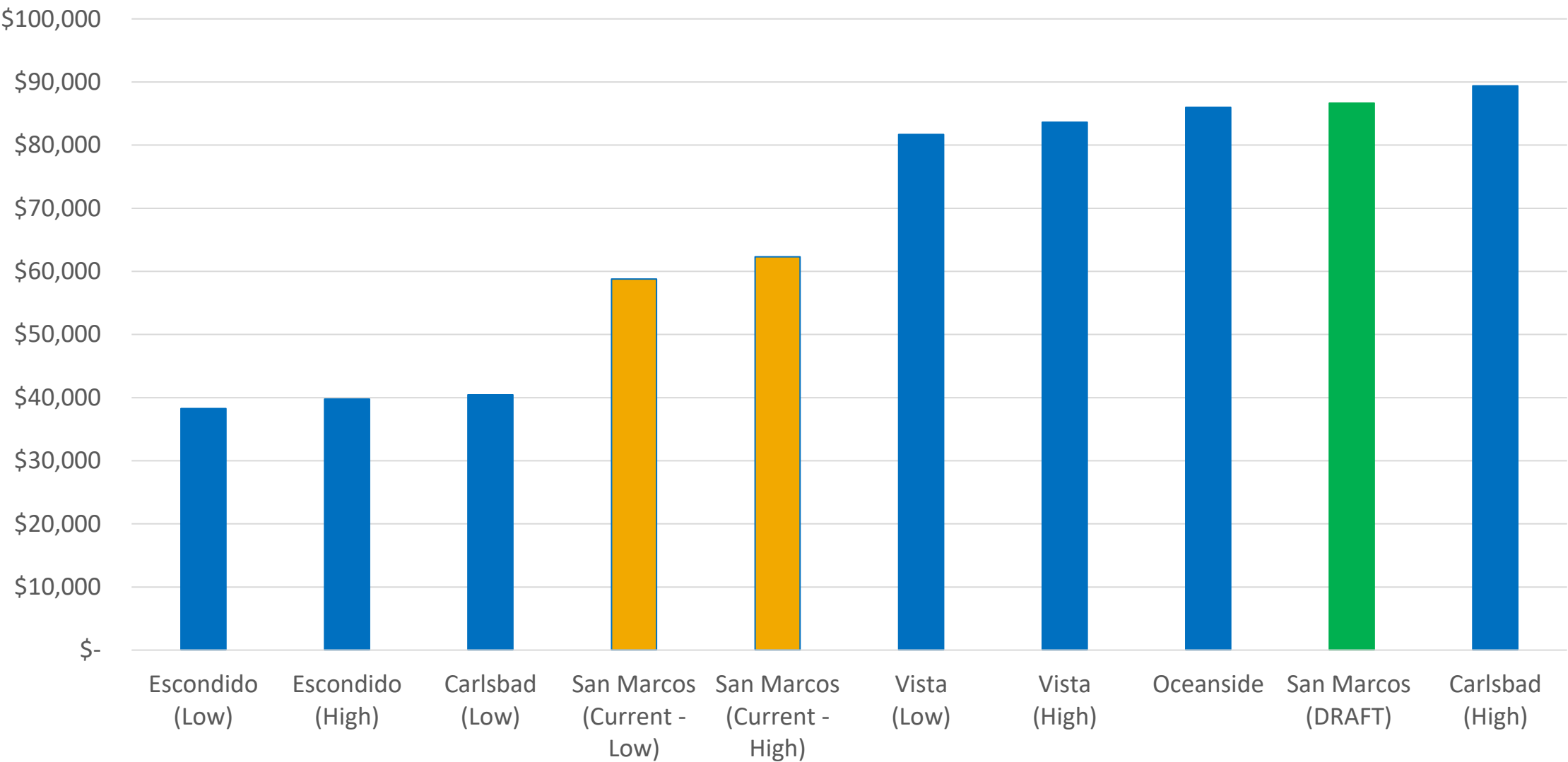
Fee Category	Total Project Cost	Development Fee Revenue	Additional Funding Required
Transportation Facilities ¹	\$ 73,516,773	\$ 73,516,773	\$ -
Parks ¹	58,743,526	58,743,526	-
Fire Protection	21,341,000	13,751,000	7,590,000
Advanced Planning	7,640,000	1,415,000	6,225,000
Habitat Conservation	10,292,750	3,468,000	6,824,750
Storm Drain	<u>25,135,303</u>	<u>4,851,113</u>	<u>20,284,190</u>
Total	\$196,669,352	\$155,745,413	\$ 40,923,940
¹ City staff is recommending that fees be implemented at 50% of maximum justified amount.			

Recommended Impact Fee Schedule

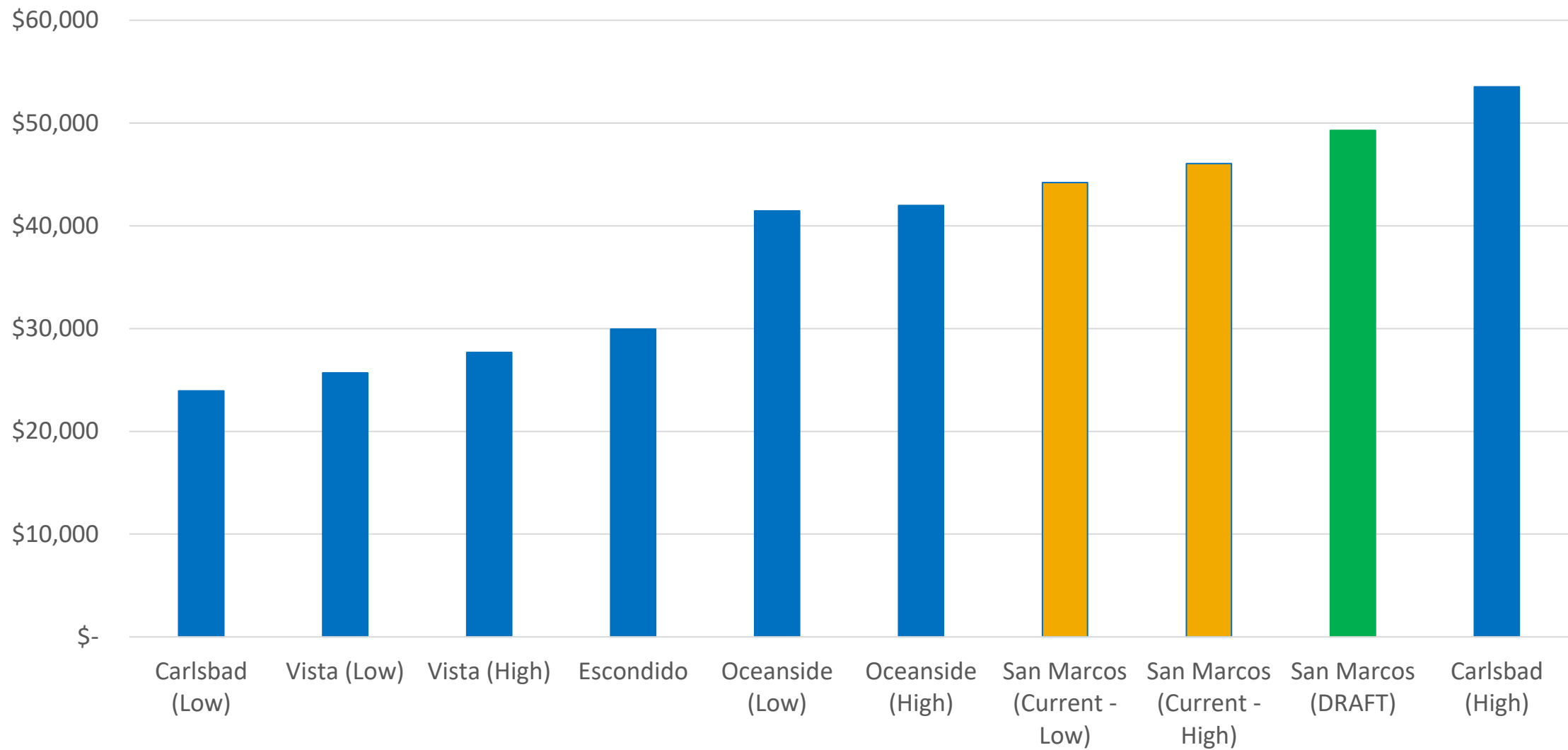
Land Use	Transportation Facilities ¹	Parks ¹	Fire Protection	Advanced Planning	Habitat Conservation	Storm Drain	Total
<u>Residential - per Sq. Ft.</u>							
Single Family	\$ 2.24	\$ 3.51	\$ 0.52	\$ 0.07	\$ 0.17	\$ 0.19	\$ 6.70
Multifamily	2.09	4.38	0.65	0.09	0.22	0.21	7.64
<u>Nonresidential - per Sq. Ft.</u>							
Commercial	\$ 9.25	\$ -	\$ 1.17	\$ 0.04	\$ 0.10	\$ 0.37	\$ 10.93
Office	8.21	-	1.70	0.06	0.15	0.40	10.52
Industrial	5.62	-	0.64	0.02	0.05	0.40	6.73
¹ 50% of maximum justified fee shown for these categories, based on staff recommendation.							

Fee Comparison: Single Family Unit, 2,023 Square Feet

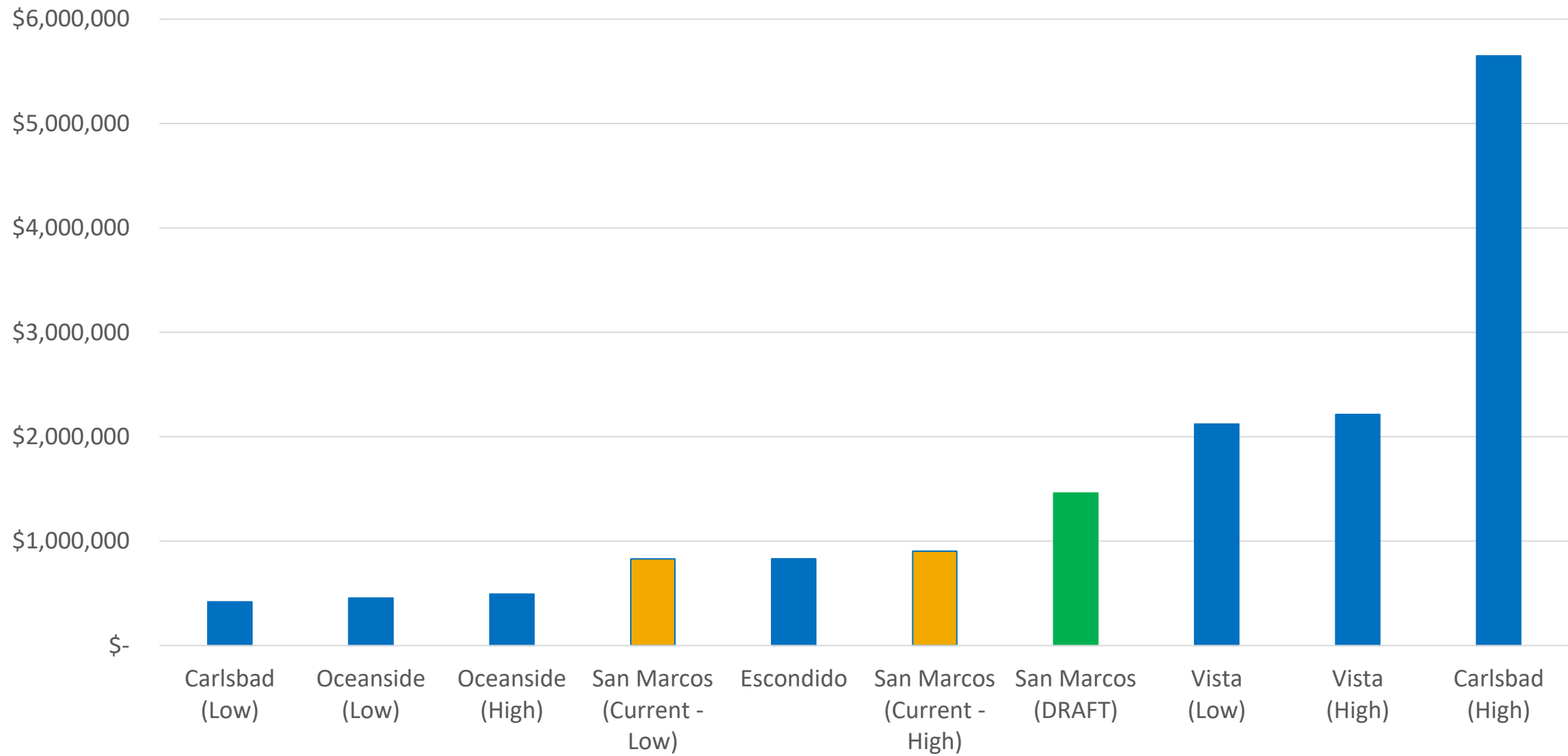
Fee Comparison: Single Family Unit, 2,500 Square Feet



Fee Comparison: 1,200 Sq. Ft. Multifamily Unit



Fee Comparison: Office Park, 100,000 Sq. Ft.



Policy Options

- Implement less than maximum justified fee amounts
- Phase in fee increases over time
- Exempt or reduce fees for certain land uses, such as affordable housing

Questions

