

Resolution 1306-19

**Non-residential Development Impact Fee  
Market Alignment Program**

November 20, 2019

# Background

- As part of the Impact Fee update process, the Town Council directed staff to gather feedback regarding the proposed fees, and to develop options that would reduce the increase to the non-residential (retail, office and industrial) impact fees.



# EDC Recommendation

- May 22<sup>nd</sup> Meeting
- Motion to Recommend to Town Council to align the Office and Industrial Impact Fees with the economic market for Town Facilities, Parks, and Library
  - Estimated 10-Year Cost = \$965K



# EDC Recommendation (concluded)

## Rationale / Objectives

- Office and industrial land uses have little impact on Parks, Library, and Town Facilities
- Create higher wage jobs in the community
- Expand development in under- represented areas
- Increase competitiveness with neighboring communities



# Options

Option 1: Follow the EDC's recommendation to align the fees with the economic market in the office and industrial sectors.

**- Town cost over 10 years is estimated at \$964,772**

Option 2: Align the impact fees across all three sectors – retail, office and industrial.

**- Town cost over 10 years is estimated at \$1,703,847**

Option 3: No new program to align fees; proceed with the new non-residential impact fees as presented.





# Economic Development Program

## Program Summary

A "program" in which the Town “buys down the impact fees to zero” for office and industrial land uses to maintain competitiveness in the market

- Town pays Parks, Library and Town Facilities impact fees

**Effective Date:** February 10, 2020 (Same as new impact fees)

- Enacting Resolution 1306-19

**Financial Cost:** \$965K over 10 years for just office and industrial



# Economic Development Program

(concluded)

## Resolution Elements

- Describes the Town's desire to encourage and promote development of office and industrial projects: increase the number of employment opportunities in the Town
- Reporting Requirement. Annual report will include list of projects constructed, estimated financial impact to Town of project, and cost to Town
- Annual Evaluation Provision. The Program will be evaluated each year by the Town Council
- Annual Expenditure Appropriation. Required for the Program to continue



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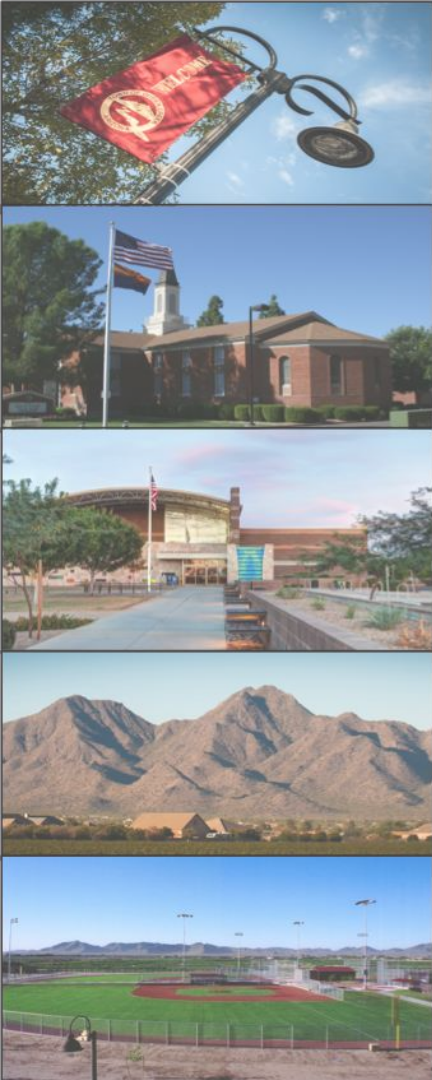
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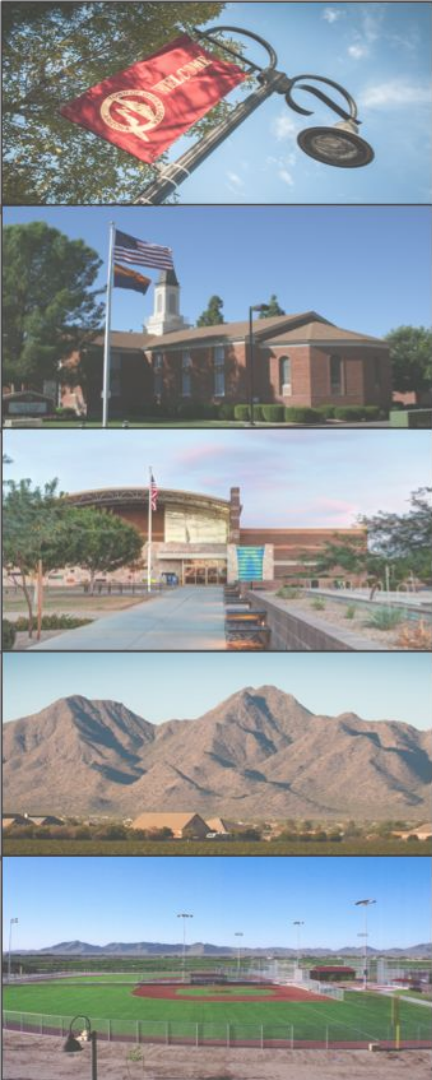


# Questions and Comments



# Non-Residential Impact Fees

The State Statute that governs development impact fees requires that all fees adopted after August 1, 2014, must be applied to all fee categories. Because of this statutory requirement, the Town's development fee study program assesses fees to non-residential development for the Parks, Library, and Town Facilities categories.



# What is Grandfathering?

- 24-Month Timeframe
  - Homes: Starts at Issuance of First Permit of Home in Subdivision
  - Non-Residential: Starts at Site Plan Approval
- Lower of Existing Individual Fee or Proposed Individual Fee

# Example - Commercial

Table ES-3  
Commercial/Retail Impact Fee Comparison

Fee	Proposed	Current	Difference - \$	Difference - %
Library	\$39	\$111	(\$72)	(65.0%)
Town Facility	18	292	(274)	(94.0%)
Law Enforcement/Police	608	229	379	165.5%
Fire	1,115	290	825	284.5%
Streets	2,630	1,569	1,061	67.6%
Parks	742	563	179	31.8%
Total	\$5,152	\$3,054	\$2,098	68.6%

Grandfathered fees = \$2,708 (per 1,000 sq ft)

Current fees = \$3,054 (per 1,000 sq ft)

New fees = \$5,152 (per 1,000 sq ft)

Site Plan Approval Starts the 24 month clock – grandfathered development gets the benefit of the lowest possible fee in each category.

# Example - Terravella

- The shops at Terravella Site Plan Approved on 6/13/2018
  - Aldi
  - Dutch Bros

All development occurring in Terravella and receiving site plan approval will pay the lowest grandfathered fee – prior to 6/13/2020.

