

Downtown Development Impact Fee Buy-Down

Depts. of Downtown & Community Revitalization and Public Works

December 16, 2010

WHY: Generating development activity is the most important aspect of downtown revitalization at this stage. As an incentive for development, the City Council approved the deferred payment of downtown development impact fees on December 17, 2009. This was an appropriate first step, but in today's lending environment, the secured City interest required under the deferral program has proved unworkable. To date no projects have taken advantage of the fee deferral.

WHAT: The proposed update to the downtown development fee incentive program lowers the impact fees imposed on projects within the incentive zone. Developers would experience overall reductions of two-thirds or more, including the following:

TOTAL IMPACT FEES	Per multifamily housing unit	Per 1,000 s.f. of retail
Today	\$ 5,181	\$ 4,408
With fee reduction	\$ 896	\$ 901
Change	-\$4,285 or -83%	-\$3,507 or -80%

WHEN: The City Council will consider the new fee reduction proposal on December 16, 2010. Upon approval, the fee reduction will be offered for the first 2,000 residential units, the first 250,000 square feet of retail, the first 1,000,000 s.f. of office, and the first 250,000 s.f. of industrial space constructed in the incentive zone.

WHERE: Impact fees would be reduced for all projects within the incentive zone identified in the attached map, which generally matches the Fulton Corridor Specific Plan Area.

HOW: Every new development in the city pays fees to cover the costs of infrastructure to support it. New parks and trails, police and fire stations, major streets, and traffic signals are all built with impact fee dollars.

Under the proposed incentive program, the City will offset the amount of the waived impact fees with non-impact fee infrastructure dollars from public funding sources, namely Measure C, Federal and State grants.

In this way, both the financials of the development impact fee programs and the community's infrastructure needs are kept whole. The impact fee programs remain fully funded because the revenue from these additional public sources was not anticipated when the impact fees were calculated.

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Downtown Development Incentive Zone

