

CITY OF SAN DIEGO
M E M O R A N D U M

DATE ISSUED: March 9, 2005

ATTENTION: Community Planners Committee
Agenda of March 22, 2005

SUBJECT: City of San Diego Park Impact Fees

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COMMITTEE.

BACKGROUND

Although the City of San Diego has a significantly large municipal park system (approximately 39,000 acres), the majority of the acreage is in regional parks, an underwater park and open space. In fact, there are only 2,253 acres that are used for neighborhood (1,045) and community parks (1,208). Arguably, the neighborhood and community parks serve the heart of the community. It is at these parks that citizens walk within their neighborhoods to use play areas; attend soccer and softball/little league events; use the gym; swim; and, congregate with their families and friends. It is the population based parks, neighborhood and community parks, that provide neighborhood serving amenities.

The City's Progress Guide and General Plan Guidelines (Recreation Element) recommends 2.8 acres of park land for every 1,000 residents. The General Plan Guidelines/Recreation Element further states that neighborhood parks should be 10 acres, serve 3,500-5,000 residents, and be located within a ½ mile radius (walking distance) from their homes; community parks should be 20 acres and serve 18,000-25,000 residents within a 1½ mile radius from their homes; and, community swimming pools and their associated structures should be provided for every 50,000 people within a 1½ - 2 mile radius. Up to five and seven acre credits can be given when joint use facilities are realized with elementary and middle schools. Community parks usually include recreation centers. These are the land use guidelines from which the proposed ordinance was developed.

There are two acts of state legislation that allow cities to collect fees from developers for local infrastructure needed to accommodate the increase in population due to new development. The State of California legislature, as part of the Subdivision Map Act, enacted the Quimby Act in 1974, which applies to residential subdivisions. It allows cities to require the dedication of land, pay a fee in lieu of providing dedicated land or a combination of both, and impose development fees to build parks and recreational facilities for the new residents generated by the subdivision. The City had been applying the Quimby Act to subdivision developments since the 1970s per Sections 102.0406 of the Municipal Code; these fees were named the Park Service District Fee and the Special Park Fee.

The Park Service District Fees imposed ranged from \$100 to \$200 a unit and did not remotely recover the cost of land acquisition and development. Therefore, the City did not extract land, but required fees in lieu thereof, especially in the planned urbanized areas. The Park Service District Fee areas were mapped citywide.

Many communities, concerned the Park Service District fees did not provide for enough park amenities from new development, pushed for more park fees. Hence, Special Park Fees were enacted within the following community planning areas: Scripps Miramar Ranch, South Bay Terraces, Tierrasanta, Rancho Bernardo, Mira Mesa, Peñasquitos East, Mid-City, Park-Northeast, North City West Phase I, North University City, Sabre Springs, Miramar Ranch North, Carmel Mountain Ranch, and Sorrento Hills. These fees varied by community planning area ranging from \$3,699 to \$6754 a unit. When the Special Park Fee areas overlapped with the Park Service District Fee areas or any other park fee as noted below, a deduction was made to avoid double charging. The Special Park Fees were then superceded by and/or coordinated with Facilities Benefit Assessment fees as they were adopted in each planned urbanizing area.

The Park Service District and Special Park Fees as written in the Municipal Code were repealed as part of the Land Development Code update in 1997; effective in January 2000. The Park and Recreation Department has been negotiating a fee amount on an ad hoc basis, pursuant to the Mitigation Fee Act referenced below, until this ordinance could be thoroughly reviewed and adopted. To our knowledge, the City has not lost land or fees required due to the repeal of Municipal Code Section 102.0406. However, it should be noted that, in order to enforce the Quimby Act, the state law requires a local ordinance be in place, and several subdividers have begun to challenge the deletion of our ordinance.

The State of California also adopted the Mitigation Fee Act in 1987. This act allows cities to collect Development Impact Fees, to offset the impact of new residential development, equivalent to the value of land and park construction, regardless of whether the development involves the subdivision of land. The Mitigation Fee Act does not give the authority to cities to demand the dedication of land as does the Quimby Act. Under the Mitigation Fee Act, the City could accept fees for the land and acquire the land via willing sellers or condemnation; hence the process of land acquisition becomes the most significant difference between the two acts. The Mitigation Fee Act does not require a local ordinance be in place to apply Developer Impact Fees.

The City has been applying Developer Impact Fees since 1987 in the Planned Urbanized Areas within community planning area boundaries. The park Developer Impact Fees range from \$127 to \$6,627 per unit. They are collected at the time building permits are issued and are applied to projects identified in the Capital Improvement Program or the Public Facilities Financing Plans. The Developer Impact Fees collected by the City for parks are currently too low to effectively build parks and/or recreational facilities due to the exponential increase in land and construction costs. As the Park and Recreation Department has begun to include the current land and construction costs and the true escalation of development costs, the park fees have been rising to the point that developers are challenging the methodology of the fee amount and have asked the City to develop a consistent approach to the fees.

There are currently two local park fees imposed on development pursuant to the municipal code. The first is the Building Permit Fee as noted in Municipal Code Section 96.0401, enacted in

1975. This fee collects \$75 for multi-family homes and \$100 per single family homes citywide and has a boundary map separate from the community planning areas and the Park Service District maps. It is another attempt to collect park fees in coordination with the Park Service District Fees and the Special Park Fees. The proposed ordinance will replace this fee with the new Park Impact Fee.

The second local fee adopted in 1980 was the Facilities Benefit Assessment via Article 11, Section 5, California Constitution, Home Rule Provisions. Municipal Code Section 61.2200 states the procedure for the Facilities Benefit Assessment Fee applies to specific planned urbanizing areas. These areas originally included University City, Rancho Bernardo, Tierrasanta, Penasquitos East, Mira Mesa, Scripps Miramar Ranch, North City West (Carmel Valley), Otay Mesa and Sabre Springs. Over the years, additional assessment areas have been approved and some have been fully developed. The Facilities Benefit Assessment boundaries are the same as the community planning areas boundaries. The dedication of the land, a fee in lieu of the land or a combination of both, and the full development costs for the parks are programmed in the Public Facility Financing Plan and the fees are assessed over the entire area. The proposed ordinance does not intend to modify or supercede the Facilities Benefit Assessments and fully excludes modifications to the Facilities Benefit Assessment via Article 11, Section 5, California Constitution, Home Rule Provisions. The Facilities Benefit Assessment formulas, for the most part, have proved effective in building the required park amenities.

As the Park and Recreation Department looked to reinstate the Quimby Act fees, it became apparent that there was a need to rethink the park fees as a whole. Therefore, this new park impact fee ordinance looks to consolidate the fees to ensure the population generated by the new development has their needed parks and associated amenities, and the subdividers/developers have a consistent, formal methodology they can rely on when planning new development.

DISCUSSION

New residential development has a significant impact on the use and availability of park and recreational land and facilities. It is the intent of this ordinance to ensure that new residential development pays for the park and recreation infrastructure required to accommodate the population generated by that development. It is not the intent of this ordinance to collect fees from subdividers or developers for past park deficiencies, maintenance or operation costs since the above noted state acts do not allow for that.

It is the intent of this action to apply Development Impact Fees and Quimby Act Fees via the new Park Impact Fee ordinance as applicable to the subdivision or development consistent with the Facilities Benefit Assessment methodology/formulas respective to park land dedication and development. This action will require all development to be subject to the same formula and apply that formula consistently throughout the entire city. The ordinance will require a fee that will result in full park development to serve new residents. The proposed ordinance will consolidate all the old fees into one fee, a park impact fee, based on the density within community planning areas. Although it would be ideal to structure the fee schedule through an approved park system master plan, such a document does not exist at this time. Therefore, the park capital improvement projects would be implemented in accordance with the adopted Public Facilities Financing Plans.

The main policy objectives for City Council consideration are:

- 1) Establish a formula for determining the Park Impact Fee.
- 2) Establish fee areas
- 3) Establish criteria for public and private recreational facility credits

Establish a formula for determining the Park Impact Fee

The Park Impact Fee via the Quimby Act and/or the Mitigation Fee Act (DIF) is proposed to be applied city-wide, and would be calculated according to the formula currently being used in the Facilities Benefit Assessment areas. The example below shows the calculation in use for a 100 unit subdivision proposal.

- **Sample calculation of the park land acreage required for dedication:**

Proposed dwelling units x persons per household = number of people

$$100 \text{ dwellings units} \times 2.87 \text{ people/household} = 287 \text{ people}$$

Number of people x park acreage standard = park land acreage required

$$287 \text{ people} \times 2.8 \text{ acres/1,000 people} = 0.80 \text{ acre}$$

Note 1: The 2.87 people/household number used above varies. The density per household is dependant upon where a person lives in the City. The Park and Recreation Department uses the person per household (PPH) data as determined in the most current census (2000 U.S. Census) by community. Some cities use a single factor citywide. However, this approach in the City of San Diego would not accurately distribute the parks; leaving some areas in the city over-served and others park deficient. Some cities also used a bedroom count to determine PPH. It is felt the most accurate number is the current census data.

Note 2: The General Plan Standard mentioned in the BACKGROUND above is 2.8 acres/1,000 persons.

- **Sample calculation of the value of required dedicated park land:**

Required park land acreage x fair market value = value of required park land

$$0.80 \text{ acre} \times \$1,000,000/\text{acre} = \$800,000$$

Note 1: The market value of land is based upon real appraisals done by the subdivider using a City recognized list of appraisers and shall be submitted with the project application for development within 1 mile of the development.

- **Sample calculation of the park improvement fee for required dedicated park land:**

Park land acreage required x design and construction costs per acre = required park improvement fee

$$0.80 \text{ acre} \times \$400,000/\text{acre} = \$320,000$$

Note 1: The cost of design and construction per acre will be adjusted based upon recent bidding information during the Capital Improvement Program or Public Facilities Financing Plan update process. Currently, bids show parks are costing \$400,000 per acre.

- **Sample calculation of the required pro rata share for a community swimming pool:**

Proposed dwelling units x persons per household = number of people

$$100 \text{ dwellings units} \times 2.87 \text{ people/household} = 287 \text{ people}$$

Number of people x swimming pool standard x the cost to develop a pool = total pro rata share of swimming pool

$$287 \times 1 \text{ pool}/50,000\text{persons} \times \$4,000,000 = \$24,000$$

Note 1: The cost of design and construction per facility will be adjusted based upon recent bidding information during the Capital Improvement Program or Public Facilities Financing Plan update process. Currently, bids show pools and their associated amenities are costing \$4,000,000 per facility.

- **Sample calculation of the required pro rata share for a community recreation center:**

Proposed dwelling units x persons per household = Number of people

$$100 \text{ dwellings units} \times 2.87 \text{ people/household} = 287 \text{ people}$$

Number of people x recreation center standard x the cost to develop a recreation center = total pro rata share of recreation center

$$287 \times 1 \text{ center} \div 25,000 \text{ people} \times \$5,950,000 = \$68,000$$

Note 1: The cost of design and construction per center will be adjusted based upon recent bidding information during the Capital Improvement Program or Public Facilities Financing Plan update process. Currently, bids show centers and their associated amenities are costing \$5,950,000 per facility (17,000sf x \$350/sf).

- **Sample calculation of the total in-lieu park impact fee required:**

Required in-lieu fee for park land + required in-lieu fee for park improvements + required in-lieu fee for swimming pool + required in-lieu fee for recreation center = total in-lieu park impact fee

$$\$800,000 + \$320,000 + \$24,000 + \$68,000 = \$1,212,000$$

Note 1: To state the cost per unit, $\$1,212,000 \div 100 = \$12,120/\text{dwelling unit}$

If the formula were applied citywide, a sample of the park impact fees would be as shown in the attached table. The formula is based upon the premise that in the urbanized area, in some cases, homes would need to be purchased to develop a park. Median price ranges were used and the number of homes purchased in the urbanized areas were approximated based upon typical

| Examples/ Proposed Park Fees | | | | |
|--|--------------------------------------|------------------------------------|---|---|
| Community Planning Area (CPA) | *Median Property Cost | Current Park Impact Fee | Proposed Park Impact Fee per Dwelling Unit | % of fee versus median property cost |
| La Jolla | \$949,263 | \$3,569 | \$25,451 | 2.68% |
| Mid City (City Heights) | \$366,707 | \$6,754 SF \$5,521 MF | \$16,848 | 4.59% |
| Mission Valley | \$337,000 | \$933 | \$34,137 | 10.13% |
| Navajo | \$488,500 | \$867 | \$27,688 | 5.00% |
| Otay Mesa Nestor | \$438,415 | \$1,608 | \$23,369 | 5.33% |
| Pacific Beach | \$624,618 | \$1,815 | \$23,013 | 3.68% |
| Southeastern (Encanto) | \$419,042 | \$2,920 | \$22,781 | 5.44% |

density in a community. The Median Real Estate Values were derived from Data Quick Real Estate News-12/2004.

For comparison, staff called other various (California) cities to determine their Park Impact Fee. The benchmarking was done via web site searches of the respective city's municipal code and followed up with telephone interviews. Long Beach had just completed a nexus study and updated their fees. San Jose has an annual multiplier they use to update their fees for inflation (but not escalation in construction or land values).

| BENCHMARK INFORMATION | CALIFORNIA CITIES | | | |
|------------------------------|------------------------------|------------------------------|---------------------------------------|---|
| CITY | *Median Property Cost | General Plan Standard | **Average Park Impact Fee | % of fee versus median property cost |
| Anaheim | \$465,000 | 2.0 acre per 1,000 | \$5,385 | 1.15 % |
| Chula Vista | \$444,000 | 3.0 acre per 1,000 | \$6,854 | 1.54 % |
| Long Beach | \$438,000 | 2.9 acres per 1,000 | \$12,506 | 2.86 % |
| San Jose | \$549,000 | 3.0 acre per 1,000 | \$10,710 | 1.95 % |
| City of San Diego | \$465,000 | 2.8 acre per 1,000 | \$2,637 existing \$24,755 proposed | 5.26% |

* Median Real Estate Values derived from Data Quick Real Estate News - 12/2004

** Average Fees from City web sites and phone interviews

Establish Fee Areas

As part of the new ordinance, it is proposed to align the park impact fee service areas to coincide with the community planning areas. Upon the repeal of the other fees noted above, the need for the designation of Park Service District and Building Permit areas will no longer be necessary. This will allow the boundaries of community plans and public facilities financing plans to coincide with fees being collected.

Establish Criteria for Public and Private Recreational Facilities Credits

The new Park Impact Fee Ordinance proposes credits to developers/subdividers for the building of public recreational facilities and also allows credit of up to 25% for private recreational facilities. Council Policy 600-11 has been revised to account for the new ordinance language and outlines the public recreational facilities credit criteria and standards (Attachment A.) A new Council Policy was written to provide criteria and standards as to when private recreational facilities will be allowed and is provided in Attachment B.

The Quimby Act requires that the subdivider be given the option to develop and build a public recreational facility. The Park and Recreation Department enters into agreements for these situations and ensures the compliance of City standards and adherence to the streamlining policy respective to public outreach. This process is currently being done and will continue to be done with the proposed ordinance.

The Quimby Act requires the City to accept private recreational facilities in place of public ones. The Park and Recreation Department feels there are times when this approach has merit and wrote provisions in the new ordinance to allow it. The Park and Recreation Department wrote a new Council Policy to provide consistency in its use. The rationale for giving partial credit for private recreation is based on the premise that private facilities would alleviate some of the burden on public recreation facilities, but not all. For example, a private swimming pool typically does not provide for swimming lessons or team swim sports. Therefore, residents would utilize the public swimming pool for these purposes. The same situation occurs for private active recreation spaces, such as turf play areas. Private facilities allow for open play, however, residents typically use municipal fields for team sports (e.g., little league and soccer leagues, etc.)

Projects for both public and private recreation facilities would be reviewed by the Park and Recreation Department to ensure the criteria included in the proposed Ordinance and the two Council Policies are met in order for credits to be received by the subdivider.

Implementation Strategy

Building full-sized park facilities in the urbanized areas, as stated in the General Plan Guidelines/Recreation Element, will be challenging. However, there are alternate ways to satisfy park development standards, such as:

- Expand Existing Parks - It is possible to incrementally expand existing parks as land becomes available to increase recreational use. Respective to housing issues, this could be done over time to lessen the impact to the community.
- Enhance Existing Facilities - Increasing the programmed use of existing parks. An example could be the addition of lights in combination with artificial turf in order to expand the hours of operation of an existing multipurpose field (night time use).
- Maximize Joint Use Opportunities - Win/win partnerships with school districts could increase the benefit for children in their community by having turf fields during school hours, and the community having turf fields after hours and on weekends. In addition, school land could also be lit and artificially turfed to even further expand hours of operation.
- Expand Indoor Recreational Uses - When the opportunity affords itself, purchase warehouses and commercial buildings and convert them to indoor soccer, skate parks, etc.

- Adopt Mega Athletic Centers - Where one community park per planning area is not feasible to achieve due to land shortages, consider consolidation into larger athletic hubs. This notion requires driving more than the current 1 ½ mile, but could be combined with appropriate transit corridors.
- Mini Park Development - Pursue available property and build mini-parks to substitute for some portions of needed neighborhood parks to provide urban relief in communities.
- Pursue Acquisition - Master Plan and identify parcels for purchase as part of a long range community planning effort. This could include looking to purchase surplus government or school properties, etc.

Each one of these alternatives has unique circumstances that based upon our preliminary estimates, makes the cost of any of these developments similar. Therefore, the Park Impact Fee formula is not proposed to be altered because equivalent facilities are not expected to be less expensive to accomplish. In fact, at times it could be more expensive.

There are two concerns pertaining to affordable housing with the imposition of the proposed park impact fee: 1) the displacement of existing housing stock, and 2) a perceived increase in the cost of affordable housing. Although at first glance it would appear that the building of parks would exacerbate both of these concerns, there could very well be a tremendous opportunity to partner park development with housing and other redevelopment. Many of the implementation strategies noted above are sensitive to the loss of housing stock. Examples of combining several of the options are the City Heights Urban Village and the Model School Project. Collaboration between long range planning (Planning Department), park development (Park and Recreation Department), and redevelopment (Community and Economic Department) could revitalize urban communities and should be further assessed as parks and redevelopment continue.

Waiving the requirement for park land and recreational facilities, i.e., park impact fees, in areas where affordable housing is proposed is not recommended. It should be noted that to solve the aforementioned concerns at the expense of decreasing or not providing adequate park and recreation facilities only creates another problem in the long term. The goal should be to consider them together. Future opportunities would include the pilot City of Villages proposals and Community and Economic Development projects.

CONCLUSION

The proposed Park Impact Fee Ordinance would allow the City to collect fees which reflect the actual costs for acquisition and development of park and recreation facilities to serve the expanding population. Its application would consolidate the various outdated and ineffective park fees which are currently or were recently in effect, and coordinate the land and fee collection and expenditures to reflect Community Planning Area boundaries and the associated Public Facilities Financing Plans.

Respectfully submitted,

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Attachments: A. Revised - Council Policy 600-11, CREDIT FOR PRIVATE PARK
 AND RECREATION FACILITIES PROVIDED BY SUBDIVISIONS
 B. New - Council Policy, CREDIT FOR PRIVATE PARK AND
 RECREATION FACILITIES PROVIDED BY SUBDIVISIONS