


City Council Meeting

Item #2, RTC 24-144

Action on Resolutions Establishing the Average Per-Acre Land Values, Occupant Density Figures, and Park Development Costs to be Used in Setting the Parkland In-Lieu Fees for New Residential Development and Amending the FY 2024/25 Municipal Fee Schedule Updating Parkland In-Lieu Fees Accordingly

October 29, 2024

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Agenda

- Background
- Fee Components
 - Land Valuation
 - Updated Appraisal Information
 - Updated Census Data
 - Park Improvement Values
 - Program Administration
- How the Changes Will Be Applied
- Fee Implementation
- Recommendations

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Background

- City Code Chapter 17.35 “Park and Recreational Land” requires new residential developments to provide developed park and recreational land and/or pay a fee in-lieu of developed parkland dedication (“In-Lieu Fees”) pursuant to the Quimby Act (“Quimby”) and/or the Mitigation Fee Act (“MFA”)
 - Quimby Act applies to subdivisions (for sale projects)
 - Mitigation Fee Act applies to non-subdivisions (rental projects)

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Background

- Parkland dedication in-lieu fees are reviewed annually and in recent years have been brought forward as part of the Municipal Fee Schedule update
- This year’s review of in-lieu fees was delayed due to workload issues as well as a desire to update the housing density information with the latest U.S. Census Bureau data in accordance with the Park and Recreational Land Ordinance. The latest U.S. Census Bureau data was issued in September 2024 and has been incorporated into this report

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Background (continued)

- Primary cost components upon which in-lieu fees are calculated are as follows:
 - (a) the average cost to purchase land for parks in Santa Clara as determined by an annual land evaluation appraisal;
 - (b) the average cost per capita to develop the land into a useable park facility based on the 2019 Parks and Recreation Facility Condition Assessment indexed to the Department of General Services California Construction Cost Index (CCCI); and
 - (c) the cost to administer the program, including the review of residential development plans for compliance with the ordinance (currently set at 2% of total fees collected)

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Annual Land Appraisal Valuations


Table 1
Average Land Value per Acre

Area	12-31-23	12-31-22	% Chg	12-31-21	12-31-20	12-31-19	12-31-17
95050	\$5.455M	\$5.500M	-0.8%	\$5.715M	\$4.720M	\$4.385M	\$3.738M
95051	\$5.650M	\$5.840M	-3.3%	\$6.000M	\$5.120M	\$4.630M	\$3.993M
95054	\$5.255M	\$5.240M	+0.3%	\$5.495M	\$4.830M	\$4.495M	\$4.035M

- In two of the three zip codes, land valuations have declined with only modest growth in the third

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Updated Census Information

- Chapter 17.35 defines average density as “the average number of persons per household, as established by City Council resolution, in accordance with the most recent available Federal Census Data”
- New census data became available as of September 2024 which lowers the average occupant density of housing units as follows:

Single Family		Multi-Family	
2.98	2.84	2.40	1.92

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Park Improvement Costs

- The cost to construct park improvements is based on the average cost per capita for the City’s existing park system improvements and recovers no more than 100% of the actual cost to develop new park assets and features to serve new residents at the same standard as existing residents
- Resolution 23-9220 sets the annual changes in the park improvement value to correspond to changes (both increases and decreases) to the California Construction Cost Index (CCCI)
- The current Park Improvement Cost is \$3,818. The 2023 CCCI value is an increase of 9.4%
- In accordance with Resolution 23-9220, the Park Improvement Cost for FY24/25 would increase to \$4,177

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Administration

- The total fee includes a two-percent (2%) administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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Result of Changes on Fees

- Use of updated census information, combined with lower land values, will result in fee decreases in every area of the City
- Staff intends to monitor the impact of this change and will work with the Parks and Recreation Commission and other stakeholders to evaluate best practice information to ensure that the City's parkland goals are met going forward

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How are these changes applied?

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Sample Worksheet for Zip Code 95051

Table B Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25 95051			
Applicable Fee Type	Calculation	MFA	Quimby
\$/Acre (valuation date 12-31-2023)	<i>A</i>	\$5,650,000	\$5,650,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	<i>C = A x B</i>	\$14,690,000	\$16,950,000
Cost per capita	<i>D = C/1000</i>	\$14,690	\$16,950
Density Single Family (Census)	<i>D x 2.84</i>	\$41,720	\$48,138
Improvement value (2023: \$3,818 + 9.4%)	<i>\$4,177 x 2.84</i>	\$11,863	\$11,863
Admin Charge	<i>0.02</i>	\$1,072	\$1,200
Total Single Family (SF) Dwelling Fee		\$54,655	\$61,201
Density Multi Family (Census)	<i>D x 1.92</i>	\$28,205	\$32,544
Improvement value (2023: \$3,818 + 9.4%)	<i>\$4,177 x 1.92</i>	\$8,020	\$8,020
Admin Charge	<i>0.02</i>	\$724	\$811
Total Multi Family (MF) Dwelling Fee		\$36,949	\$41,375

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Proposed Fees for FY2024/25

Quimby		Current	Revised	Change
95050	Single Family	61,759	59,507	-2,252
	Multi Family	49,738	40,230	-9,508
95051	Single Family	64,859	61,201	-3,658
	Multi Family	52,235	41,375	-10,860
95054	Single Family	59,388	57,769	-1,619
	Multi Family	47,829	39,055	-8,774

Mitigation Fee Act (MFA)		Current	Revised	Change
95050	Single Family	55,072	53,186	-1,886
	Multi Family	44,353	35,956	-8,397
95051	Single Family	57,758	54,655	-3,103
	Multi Family	46,517	36,949	-9,568
95054	Single Family	53,017	51,679	-1,338
	Multi Family	42,698	34,938	-7,760

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Implementation

- State law requires a proposed resolution be drafted to provided the required findings of MFA and Quimby
- Development impact fees based on MFA may only take effect 60 days following the adoption of the fee
- Fees based on the Quimby Act can go into effect immediately upon adoption of the required resolution
- Implementation of the new fees will require a resolution to amend the existing FY24/25 Municipal Fee Schedule in order to modify the Parkland Dedication In-Lieu Fees

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Recommendation

It is recommended that the City Council:

1. Adopt a Resolution in accordance with Santa Clara City Code Chapter 17.35 establishing the average per-acre land values, occupant density figures and park development costs to be used in setting of parkland in-lieu fees for residential development; and
2. Adopt a Resolution to amend the FY 2024/25 Municipal Fee Schedule to modify the Parkland Dedicated In-Lieu Fees accordingly

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Questions/Comments

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