



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** April 17, 2018

**TO:** Carolyn Lehr, City Manager

**FROM:** Charles S. Bryant, Community Development Director

**SUBJECT:** **Resolution Of The City Council Of The City Of Emeryville Establishing Updated Development Impact Fees For Fiscal Year 2018-2019**

### RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution establishing updated Development Impact Fees for fiscal year 2018-2019.

### BACKGROUND

On July 15, 2014, the City Council adopted two ordinances (Ordinance Nos. 14-008, 14-009) amending the Emeryville Municipal Code to enable Development Impact Fees for affordable housing, parks and recreation, and transportation, and passed three resolutions establishing the fees. The fees were based on impact fee studies ("nexus studies") that had been prepared for the City by various consultants. The impact fee studies identified the maximum fee, or cap, that could justifiably be imposed on new development. The City Council established the Affordable Housing Fee at \$20,000 per unit for rental housing, or about 56% of the cap. The Parks and Recreation Impact Fee was set at 25% of the cap, and the Transportation Impact Fee was set at 20% of the cap.

The resolution adopting the Affordable Housing Impact Fee (Resolution No. 14-103) listed several land uses that are exempt from the fee, and established the fee at \$4.00 per square foot for all other non-residential land uses. The nexus studies for the Parks and Recreation Impact Fee and the Transportation Impact Fee listed the fee for many common land uses (Resolution Nos. 14-104, 14-105). The adopting resolutions provided that land uses not included in the nexus studies shall have their fee determined by the Community Development Director using the latest edition of the Institute of Transportation Engineers (ITE) Trip Generation Manual and the same methodology as used in the nexus studies.

The resolutions also provided that "The City Council may review and amend the impact fees from time to time. For any annual period during which the City Council does not review the impact fees, fee amounts shall be adjusted once as of July 1st by the Community Development Director based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California."

On June 2, 2015, the City Council passed Resolution No. 15-49 approving an annual increase of 2.46%, based on the increase in the Engineering News-Record Construction Cost Index for San Francisco for April 2015 compared to that for April 2014. In adopting this resolution, the Council approved a table developed by staff that listed all three fees, and their totals, for every use classification included in the Planning Regulations. The table approved by the City Council included the Community Development Director's interpretation of fees for a number of uses that were not listed in the nexus studies, as well as the Director's interpretation that some uses should be exempt from the affordable housing impact fee or should have all of their impact fees set at zero.

On October 20, 2015, the City Council passed Resolution No. 15-130, raising the Affordable Housing Impact Fee to \$28,000 per unit for rental housing.

On June 21, 2016, the City Council passed Resolution No. 16-88 approving an annual increase of 3.55%, based on the increase in the Engineering News-Record Construction Cost Index for San Francisco for April 2016 compared to that for April 2015. The Affordable Housing Impact Fee of \$28,000 per unit for rental residential projects was not increased because the City Council had already adjusted it (from \$20,000 to \$28,000) during the past year.

On April 18, 2017, the City Council passed Resolution No. 17-48 approving an annual increase of 0.44%, based on the increase in the Engineering News-Record Construction Cost Index for San Francisco for March 2017 compared to that for April 2016.

On April 4, 2017, the City Council passed Ordinance No. 17-002, effective May 4, 2017, which added two new use classifications to the Planning Regulations: Cannabis Sales and Cannabis Manufacturing. The land use and parking regulations for Cannabis Sales were based on those for Retail: Tobacco Shops, and those for Cannabis Manufacturing were based on those for Manufacturing: Pharmaceutical.

## **DISCUSSION**

The purpose of this item is for the City Council to review and approve the annual increase to the development impact fees based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California, as stipulated in the adopting resolutions. Because State law stipulates that fee increases shall take effect no sooner than 60 days after their adoption (California Government Code Section 66017), this item has been scheduled for the April 17, 2018 City Council meeting to allow 60 days to elapse before the effective date of July 1, 2018. Comparing the Engineering News-Record Construction Cost Index for San Francisco for March 2018 to that for March 2017 yields an annual increase of 3.49%. As stipulated by the adopting resolutions, the Development Impact Fees in the attached table have been increased by this amount to establish the fees for fiscal year 2018-2019.

In developing the attached chart, consideration was given to adding the two new Cannabis-related use classifications. The impact fees for Cannabis Sales would be the same as those for Retail: Tobacco Shops, which falls under "Retail: All Other", so no

change to the table was necessary for this use. Cannabis Manufacturing was added to the Manufacturing section, with fees set the same as those of Pharmaceutical Manufacturing.

Prior to adoption of the updated fees, the City Council must hold at least one public hearing and receive written and oral testimony. Notice of the meeting and the data relating to the proposed amendments have been published and made available to the public and interested persons in accordance with the requirements of the Government Code.

## **FISCAL IMPACT**

In three-and-a-half fiscal years since these Development Impact Fees were adopted, they have generated about \$5.4 million, including \$2.0 million for transportation, \$1.3 million for parks, and \$2.1 million for affordable housing. This includes significant fees paid for the Hyatt Place Hotel, Stanford Health Center, and EmeryStation West/Transit Center projects. Other than Public Market Parcel D, whose impact fees are deferred to Certificate of Occupancy by its Development Agreement, no building permits have been issued during this time for any major residential development projects, so these fees were mostly generated by nonresidential projects, as well as a few smaller residential developments. Also, the major residential projects that have been approved since these fees took effect have opted to provide affordable units within the developments, so they will not generate Affordable Housing Impact Fees, although they will generate Transportation and Parks and Recreation Impact Fees. So far, the only residential projects to pay an Affordable Housing Impact Fee are a one-unit addition at 1056 45<sup>th</sup> Street that paid a fee of \$28,000, and a one-unit addition at 5876 Beaudry Street that paid a fee of \$28,122.

Revenues from the impact fees are being programmed, as appropriate, to fund projects in the Capital Improvement Program, as specified in the adopting resolutions. During the past three-and-a-half fiscal years, Transportation Impact Fee funds have been used for the Christie Avenue Bay Trail, Horton Street Traffic Calming, Powell/Doyle Traffic Signal, and South Bayfront Bicycle/Pedestrian Bridge projects. Park and Recreation Impact Fees have been used for the Stanford Avenue Park Expansion, Horton Landing Park Expansion, South Bayfront Bicycle/Pedestrian Bridge, and Emeryville Greenway Stanford-Powell projects. Affordable Housing Impact Fee funds have been used to help finance the Estrella Vista affordable housing project at 3706 San Pablo Avenue.

The City Council has also approved three impact fee credits in exchange for the provision of public facilities that could otherwise have been funded from the impact fees. These include a credit to the Public Market project for the redesign and expansion of Christie Avenue Park, a credit to the EmeryStation West/Transit Center project for the Transit Center plaza and platform extension, and a credit to the Sherwin Williams project for construction of a new City park and Greenway extension. While these credits have reduced the total revenue into the various impact fee funds, they have resulting in new public facilities without any expense to, or construction activity by, the City.

Further detail is contained in the annual report on the impact fees that is provided to the City Council in November or December of each year.

## **LEGAL CONSIDERATIONS**

The City Attorney has reviewed and approved this staff report and the attached resolution.

## **APPROVED AND FORWARDED TO THE CITY COUNCIL OF THE CITY OF EMERYVILLE:**



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Carolyn Lehr, City Manager

### **Attachments:**

1. Resolution
2. Exhibit A: Development Impact Fees for Fiscal Year 2018-2019

## **RESOLUTION NO. 18-41**

### **Resolution Of The City Council Of The City Of Emeryville Establishing Updated Development Impact Fees For Fiscal Year 2018-2019**

**WHEREAS**, on July 15, 2014, the City Council of the City of Emeryville passed and adopted Ordinance No. 14-008 amending the City of Emeryville Planning Regulations to enable Development Impact Fees, including fees for transportation and park and recreation facilities; and

**WHEREAS**, on July 15, 2014, the City Council of the City of Emeryville passed and adopted Ordinance No. 14-009 amending the City of Emeryville Planning Regulations to enable an Affordable Housing Impact Fee; and

**WHEREAS**, on July 15, 2014, the City Council of the City of Emeryville passed Resolutions No. 14-103, 14-104, and 14-105, establishing, respectively, an Affordable Housing Impact Fee, a Parks and Recreation Facility Impact Fee, and a Transportation Facility Impact Fee; and

**WHEREAS**, Resolutions No. 14-103, 14-104, and 14-105, stipulate that, for any annual period during which the City Council does not review the development impact fees, they shall be increased on July 1 based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California; and

**WHEREAS**, the table entitled "City of Emeryville Development Impact Fees, Fiscal Year 2018-2019" attached hereto as Exhibit A includes adjusted fees based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California from March 2017 to March 2018; and

**WHEREAS**, prior to adoption of the updated development impact fees, the City Council held a noticed public hearing to receive written and oral testimony regarding said fees; and

**WHEREAS**, prior to adoption of the updated development impact fees, notice of said public hearing, as well as data relating to the proposed amendments have been published and made available to the public and interested persons in accordance with the requirements of the Government Code; now, therefore, be it

**RESOLVED**, that the City Council of the City of Emeryville, hereby adopts updated development impact fees for Fiscal Year 2018-2019 as set forth in Exhibit A, attached hereto and incorporated herein, effective July 1, 2018.


**ADOPTED** by the City Council of the City of Emeryville at a regular meeting held on Tuesday, April 17, 2018, by the following vote:


AYES:	<u>5</u>	Mayor Bauters, Vice Mayor Medina and Council Members Donahue, Martinez and Patz
NOES:	<u>0</u>	
ABSTAIN:	<u>0</u>	
ABSENT:	<u>0</u>	

  
MAYOR

APPROVED AS TO FORM:

ATTEST:

  
CITY CLERK

  
CITY ATTORNEY





**City of Emeryville**  
**Development Impact Fees**  
 Fiscal Year 2018-2019 (valid July 1, 2018 through June 30, 2019)

Use Type	Affordable Housing	Park and Recreation Facility	Transportation Facility	TOTAL IMPACT FEES
<b>Residential Use Types</b>				
Single Unit	\$0	\$4,126	\$2,766	\$6,892 / dwelling unit
Two Unit and Multi-Unit				
<i>Rental - Apartment</i>	\$29,104	\$3,973	\$1,715	\$34,792 / dwelling unit
<i>In TH Transit Hub Overlay Zone</i>	\$29,104	\$3,973	\$1,660	\$34,737 / dwelling unit
<i>Owner - Condominium</i>	\$0	\$3,973	\$1,437	\$5,410 / dwelling unit
<i>In TH Transit Hub Overlay Zone</i>	\$0	\$3,973	\$1,384	\$5,357 / dwelling unit
<i>Owner - Townhome</i>	\$0	\$4,126	\$1,437	\$5,563 / dwelling unit
<i>In TH Transit Hub Overlay Zone</i>	\$0	\$4,126	\$1,384	\$5,510 / dwelling unit
Domestic Violence Shelter	\$0	\$1,554	\$610	\$2,164 / bed
Group Residential	\$0	\$1,554	\$610	\$2,164 / bed
Mobile Home Park				
<i>Rental</i>	\$29,104	\$3,973	\$1,715	\$34,792 / dwelling unit
<i>Owner</i>	\$0	\$4,126	\$1,437	\$5,563 / dwelling unit
Residential Care Facility	\$4.42	\$6.00	\$2.06	\$12.48 / square foot
Supportive Housing	\$0	\$1,554	\$610	\$2,164 / bed
Transitional Housing	\$0	\$1,554	\$610	\$2,164 / bed
<b>Commercial and Institutional</b>				
Adult Oriented Businesses				
<i>Retail</i>	\$4.42	\$2.21	\$5.16	\$11.79 / square foot
<i>Performance</i>	\$4.42	\$1.68	\$106.96	\$113.06 / square foot
Animal Care and Sales				
<i>Grooming</i>	\$4.42	\$2.00	\$4.02	\$10.44 / square foot
<i>Kennel/Animal Care</i>	\$4.42	\$3.10	\$15.36	\$22.88 / square foot
<i>Pet Stores</i>	\$4.42	\$2.21	\$5.16	\$11.79 / square foot
<i>Veterinary Services</i>	\$4.42	\$2.00	\$13.05	\$19.47 / square foot
Arts and Entertainment				
<i>Gallery</i>	\$4.42	\$0.33	\$0.50	\$5.25 / square foot
<i>Indoor Entertainment</i>	\$4.42	\$1.34	\$13.59	\$19.35 / square foot
<i>Outdoor Entertainment</i>	TBD	TBD	TBD	TBD
Banks and Financial Institutions	\$4.42	\$2.21	\$11.75	\$18.38 / square foot
Business Services	\$4.42	\$2.21	\$20.51	\$27.14 / square foot
Colleges and Trade Schools	\$0.00	\$2.00	\$7.03	\$9.03 / square foot
Community Assembly	\$0.00	\$0.55	\$7.58	\$8.13 / square foot
Day Care Centers	\$0.00	\$3.10	\$15.36	\$18.46 / square foot
Eating and Drinking Establishments				
<i>Bars/Nightclubs/Lounges</i>	\$4.42	\$5.54	\$9.41	\$19.37 / square foot
<i>Restaurants</i>				
Quality (ITE Land Use 931)	\$4.42	\$5.54	\$6.23	\$16.19 / square foot
High Turnover (ITE Land Use 932)	\$4.42	\$5.54	\$8.17	\$18.13 / square foot
Fast Food (ITE Land Use 933)	\$4.42	\$5.54	\$36.16	\$46.12 / square foot
Fast Food with Drive-Thru (ITE Land Use 934)	\$4.42	\$5.54	\$45.16	\$55.12 / square foot
<i>Mobile Food Vendors</i>	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Shelters	\$0	\$1,554	\$610	\$2,164 / bed
Funeral Homes, Mortuaries and Mausoleums	\$4.42	\$0.55	\$1.52	\$6.49 / square foot

Use Type	Affordable Housing	Park and Recreation Facility	Transportation Facility	TOTAL IMPACT FEES
Health Care				
<i>Clinics and Medical Offices</i>	\$4.42	\$4.04	\$9.87	\$18.33 / square foot
<i>Hospitals</i>	\$4.42	\$3.22	\$2.57	\$10.21 / square foot
<i>Medical Laboratories (non research)</i>	\$4.42	\$2.00	\$8.71	\$15.13 / square foot
Instructional Services				
<i>Individual/ Small Group Instruction</i>	\$4.42	\$0.65	\$2.68	\$7.75 / square foot
<i>Group Instruction</i>	\$4.42	\$0.65	\$2.68	\$7.75 / square foot
Libraries and Museums				
<i>Libraries</i>	\$4.42	\$1.55	\$20.19	\$26.16 / square foot
<i>Museums</i>	\$4.42	\$0.33	\$0.50	\$5.25 / square foot
Live/Work Unit	\$4.42	\$1.68		\$6.10 / square foot plus
plus			\$1,798	\$1,798 / unit
Lodging				
<i>Hotels and Motels</i>	\$4.42	\$1.11		\$5.53 / square foot plus
plus			\$1,161	\$1,161 / room
<i>Bed &amp; Breakfast</i>	\$0.00	\$0.00	\$0.00	\$0.00 / square foot
Major Public Services	\$4.42	TBD	TBD	TBD / square foot
Marina	\$0	\$1,109	\$525	\$1,635 / berth
Motor Vehicle Sales and Services				
<i>Cleaning (Self-Service Car Wash - ITE Land Use 947)</i>	\$4.42			\$4.42 / square foot plus
plus		\$277	\$7,662	\$7,939 / stall
<i>Rentals</i>	\$4.42	\$1.68	\$2.76	\$8.86 / square foot
<i>Sales and Leasing</i>	\$4.42	\$1.45	\$7.24	\$13.11 / square foot
<i>Repair and Service</i>	\$4.42	\$1.11	\$12.34	\$17.87 / square foot
<i>Service Station</i>	\$4.42			\$4.42 / square foot plus
plus		\$278	\$7,673	\$7,951 / pump
<i>Towing and Impounding</i>	\$4.42	\$1.11	\$13.84	\$19.37 / square foot
Offices				
<i>General/Government/Walk-In Clientele</i>	\$4.42	\$4.04	\$4.13	\$12.59 / square foot
<i>Corporate Headquarters (ITE Land Use 714)</i>	\$4.42	\$4.04	\$3.91	\$12.37 / square foot
Parking	\$0.00	\$0.00	\$0.00	\$0.00 / square foot
Personal Services	\$4.42	\$2.21	\$4.02	\$10.65 / square foot
Public Safety Facilities	\$0.00	\$2.21	\$3.33	\$5.54 / square foot
Recreation				
<i>Gaming</i>	\$4.42	\$2.21	\$37.16	\$43.79 / square foot
<i>All Other</i>	\$4.42	\$2.21	\$9.76	\$16.39 / square foot
Repair Services	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Retail				
<i>Food and Beverage Sales</i>				
<i>Supermarket (ITE Land Use 850)</i>	\$4.42	\$2.21	\$11.80	\$18.43 / square foot
<i>Convenience Market (ITE Land Use 851)</i>	\$4.42	\$2.21	\$43.50	\$50.13 / square foot
<i>All Other</i>	\$4.42	\$2.21	\$5.16	\$11.79 / square foot
Schools	\$0.00	\$1.11	\$3.31	\$4.42 / square foot
Social Service Facilities	\$0.00	\$3.55	\$4.13	\$7.68 / square foot



Use Type	Affordable Housing	Park and Recreation Facility	Transportation Facility	TOTAL IMPACT FEES
<b>Industrial</b>				
Arts-Industrial - All	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Commercial Kitchens	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Construction and Maintenance	\$4.42	\$0.78	\$0.88	\$6.08 / square foot
Crematories	\$4.42	\$2.43	\$2.02	\$8.87 / square foot
Food Production and Assembly - All	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Hazardous Waste Facilities - All	\$4.42	\$2.43	\$2.02	\$8.87 / square foot
Laundry and Dry Cleaning Services	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Manufacturing				
<i>Pharmaceutical</i>	\$4.42	\$1.11	\$2.68	\$8.21 / square foot
<i>Custom</i>	\$4.42	\$1.11	\$1.80	\$7.33 / square foot
<i>Light</i>	\$4.42	\$1.11	\$2.68	\$8.21 / square foot
<i>General</i>	\$4.42	\$1.11	\$2.02	\$7.55 / square foot
<i>Heavy</i>	\$4.42	\$1.11	\$2.02	\$7.55 / square foot
<i>Cannabis Manufacturing</i>	\$4.42	\$1.11	\$2.68	\$8.21 / square foot
Recycling Facilities - All	\$4.42	\$2.43	\$2.02	\$8.87 / square foot
Research and Development	\$4.42	\$2.77	\$2.96	\$10.15 / square foot
Salvage and Wrecking	\$4.42	\$2.43	\$2.02	\$8.87 / square foot
Storage and Distribution				
<i>Indoor and Outdoor</i>	\$4.42	\$0.78	\$0.88	\$6.08 / square foot
<i>Personal</i>	\$4.42	\$0.04	\$0.71	\$5.17 / square foot
<b>Agricultural</b>				
Community Gardens	\$0.00	\$0.00	\$0.00	\$0.00
Indoor Agriculture	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Outdoor Agriculture	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
Animal Husbandry	\$4.42	\$1.45	\$2.68	\$8.55 / square foot
<b>Communication, Transportation and Utilities</b>				
Communication Facilities				
<i>Transmission Towers</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Equipment within Buildings</i>	\$4.42	\$0.05	\$0.26	\$4.73 / square foot
Transportation and Delivery Services				
<i>Bus/Rail Passenger Stations</i>	\$4.42	TBD	TBD	TBD / square foot
<i>Truck/Rail Freight Terminals</i>	\$4.42	\$1.45	\$2.30	\$8.17 / square foot
<i>Human-Powered</i>	\$4.42	\$0.78	\$0.88	\$6.08 / square foot
<i>Light Fleet</i>	\$4.42	\$0.78	\$0.88	\$6.08 / square foot
Utility Services	\$4.42	\$8.09	\$2.11	\$14.62 / square foot