

# Council Work Session: Impact Fee Discussion

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- Work Program
- 2023 Fee Study Findings and Utility Model Updates
- Proposed Fees for 2025
- Summary Examples and Comparatives
- Questions?

- What questions do councilmembers have related to the Fee Studies and Utility model updates?
- What guidance do councilmembers have for staff prior to bringing 2025 Fee update ordinances to council for adoption in November?



# Work Program

## 2023

- Capital Expansion Fee (CEF) Study Update – ***Economic & Planning Systems, Inc.***
- Transportation Capital Expansion Fee (TCEF) Study Update - ***TischlerBise***
- Biennial Utility Fee Model updates
- Water Supply Requirements: Additional analysis and outreach
- Council Finance Committee: October and December update meetings

## 2024

- February: Council adoption of 2024 fees w/ inflationary updates only
- April Work Session – Impact Fee Discussion
- Finalization of Water Utility fee environment: Adoption 1<sup>st</sup> Reading – October 15
- Policy considerations to supplement existing fee credit program in conjunction with BFO process
- Work Session – today
- Adoption 1<sup>st</sup> Reading – November 19
- Development Review – Ongoing: *Technology improvements, staffing adjustments, and process updates*

- Adopt 2023 Study and model updates as developed
- Adjust study and model updates for 2024 inflation impacts
- New proposed fees effective January 1, 2025
- Return to established cadence of updates:
  - Utilities:
    - *Biennial model updates: resume in 2025*
    - *Inflation adjustments in even numbered years*
  - TCEF/CEF:
    - *Study updates every four years: 2027 next update*
    - *Inflation adjustments in all other years*
- Continual monitoring of cost environment and process improvements

- Current State:
  - Flat credit of \$14,000 per unit
  - Any affordable developer can access credits for 30% AMI units **only**
  - Affordable Housing Capital Fund (AHCF), funded via the CCIP Renewable Tax, is available for qualified projects – requires council appropriation for utilization
  - In 2022, an additional \$350,000 of ARPA funding was appropriated for eligible projects
- BFO offer update:
  - \$200,000 in both 2025 and 2026 is targeted to meet near-term needs
- Avenues to explore expansion of funds available to address affordable housing goals:
  - CCIP tax renewal in 2026
  - Investigation of Utility fee offsets – currently no programs in place
  - Linkage Fee consideration



# Study / Model Updates and Proposed Fees





Utility Finance updates their fund models every two years with inflationary adjustments generally made in the off-years

# Utilities – 2025 Proposed Fees

Utility Fee	Model Update vs. 2023 Actual	2024 Actual vs. 2023 Actual	2025 Proposed vs. 2024 Actual
Electric Capacity Fee (ECF)	14.8%	7.4%	<b>9.3%</b>
Water Plant Investment Fee (PIF)	5.7%	7.4%	<b>No Change</b>
Wastewater Plant Investment Fee (PIF)	4.1%	7.4%	<b>No Change</b>
Stormwater Plant Investment Fee (PIF)	7.0%	7.4%	<b>1.5%</b>
Water Supply Requirement (WSR)	No Change	No Change	<b>(6.5%)</b>

# Transportation Capital Expansion Fees: Overview



Transportation Capital Expansion Fee Study  
City of Fort Collins, Colorado



Submitted to:  
City of Fort Collins, Colorado

## Premise of Fees

- One-time fee from development and redevelopment
- Used to support growth share related infrastructure improvements
- Cannot be used for maintenance

## Use of Fees

- Reimbursement to developers
  - Northfield reimbursement
  - Waterfield
  - Waters Edge
  - Country Club Reserve
  - Alpine Bank
- Contribution to Capital Projects
  - Roadway projects (TCPPS)
  - Active Modes (Active Modes Plan)

## Previous Updates

- “Transportation Capital Expansion Fee Study” (2017), TischlerBise
- 2012 Transportation CIP
- 2014 Bicycle Master Plan
- 2010/2016 Arterial Intersection Prioritization Study
- 10 year build out through development
- 2016 Arterial Cost/Lane Mile (\$1.4M)

- Generally, in range when compared to an inflation adjustment approach
  - (7.4% based on August 2022-August 2023 Engineering News-Record Denver City Cost Index)
- Estimate \$115M over the next 10 years to keep up with anticipated growth needs and level of service

Residential		Roadway		Active		Update	2023		
Unit	Fee	% of Total	Modes	% of Total	Total	Total	Change	% Change	
up to 700 sq. ft.	Dwelling	\$2,863	91%	\$272	9%	\$3,135	\$2,703	\$432	16%
701-1,200 sq. ft.	Dwelling	\$4,988	91%	\$487	9%	\$5,475	\$5,020	\$455	9%
1,201-1,700 sq. ft.	Dwelling	\$6,363	91%	\$625	9%	\$6,988	\$6,518	\$470	7%
1,701-2,200 sq. ft.	Dwelling	\$7,380	91%	\$726	9%	\$8,106	\$7,621	\$485	6%
over 2,200 sq. ft.	Dwelling	\$8,191	91%	\$809	9%	\$9,000	\$8,169	\$831	10%

  

Development Type		Roadway		Active		Update	2023		
Unit	Fee	% of Total	Modes	% of Total	Total	Total	Change	% Change	
Commercial	1,000 sq. ft.	\$11,045	94%	\$702	6%	\$11,747	\$9,946	\$1,801	18%
Office & Other Services	1,000 sq. ft.	\$6,450	86%	\$1,075	14%	\$7,525	\$7,327	\$198	3%
Industrial	1,000 sq. ft.	\$2,897	75%	\$944	25%	\$3,841	\$2,365	\$1,476	62%

# Capital Expansion Fees: Overview



## Premise of Fees

- New developments pay a proportionate share of costs to “buy-in” to the current level of services the City provides.
- Paid upon application of a building permit and assessed by land use type.
- The concept of growth paying for the impact of growth is a policy decision that past City Councils have made.

## Use of Fees

- For approved capital expenditures identified in capital improvement plans.
- Includes planning, design, surveying, permitting and engineering costs; the cost of purchasing or leasing real property and construction costs.
- Does not, and generally cannot, include repair or maintenance costs.

## Previous Updates

- Duncan and Associates (2013 and 2017)
- Adhered to the incremental expansion methodology
- Updated asset values based on the cost of construction per sq. ft.
- Additional capital added to General Government Fees

## Overall

- Residential Occupancy Factor decreases
- Non-Residential Employee per sq. ft. adjustments
- Additional Non-Residential category justified by different demand impact – Office and Other Services
- Growing service population

Residential	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Update Total	2023 Total	Change	% Change
up to 700 sq. ft.	Dwelling	\$2,813	\$2,140	\$604	\$382	\$745	\$6,684	\$6,593	\$91	1%
701-1,200 sq. ft.	Dwelling	\$4,260	\$3,241	\$914	\$578	\$1,129	\$10,122	\$8,844	\$1,278	14%
1,201-1,700 sq. ft.	Dwelling	\$4,783	\$3,638	\$1,026	\$649	\$1,267	\$11,363	\$9,652	\$1,711	18%
1,701-2,200 sq. ft.	Dwelling	\$5,145	\$3,913	\$1,104	\$698	\$1,363	\$12,223	\$9,764	\$2,459	25%
over 2,200 sq. ft.	Dwelling	\$5,848	\$4,448	\$1,254	\$794	\$1,549	\$13,894	\$10,880	\$3,014	28%
Development Type	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Update Total	2023 Total	Change	% Change
Commercial	1,000 sq. ft.			\$1,281	\$811	\$1,582	\$3,674	\$2,791	\$883	32%
Office and Other Services	1,000 sq. ft.			\$701	\$444	\$866	\$2,010	\$2,791	(\$781)	-28%
Industrial	1,000 sq. ft.			\$332	\$210	\$410	\$953	\$656	\$297	45%

# CEF/TCEF: 2025 Proposed Fees

- Adjust 2023 Studies for 2024 inflationary impacts:
  - CEFs: 2.7%
  - TCEFs: 1.9%
- Proposed effective date: January 1, 2025
- Ordinance Adjustments and Clean-up

Residential	Unit	2025		
		Proposed CEF	Proposed TCEF	Proposed Total
up to 700 sq. ft.	Dwelling	\$6,865	\$3,195	\$10,060
701-1,200 sq. ft.	Dwelling	\$10,395	\$5,579	\$15,974
1,201-1,700 sq. ft.	Dwelling	\$11,670	\$7,121	\$18,791
1,701-2,200 sq. ft.	Dwelling	\$12,553	\$8,260	\$20,813
over 2,200 sq. ft.	Dwelling	\$14,269	\$9,171	\$23,440
Development Type				
Commercial	1,000 sq. ft.	\$3,773	\$11,970	\$15,743
Office and Other Services	1,000 sq. ft.	\$2,065	\$7,668	\$9,733
Industrial	1,000 sq. ft.	\$979	\$3,914	\$4,893

2023 Study	2025 vs 2023 Study	
Total	\$	%
\$9,819	\$241	2.5%
\$15,597	\$377	2.4%
\$18,351	\$440	2.4%
\$20,329	\$484	2.4%
\$22,894	\$546	2.4%
\$15,421	\$322	2.1%
\$9,535	\$198	2.1%
\$4,794	\$99	2.1%

2024 Actual	2025 vs 2024 Actual	
Total	\$	%
\$9,865	\$195	2.0%
\$14,730	\$1,244	8.0%
\$17,194	\$1,597	8.7%
\$18,495	\$2,318	11.4%
\$20,263	\$3,177	13.9%
\$13,629	\$2,114	13.7%
\$10,816	(\$1,083)	-11.4%
\$3,233	\$1,660	34.6%

# Combined Fees Summary: Multi-Unit Residence

Multi-Unit Residence Example (48,000 sq. ft. development w/ 55 units)					
Type	2023	2024		2025	2025 - \$/Unit
	Actual	Actual	Study	Proposed	Proposed
CEF	\$ 486,420	\$ 513,645	\$ 556,710	\$ 571,741	\$ 10,395
TCEF	\$ 276,100	\$ 296,505	\$ 301,125	\$ 306,846	\$ 5,579
Dev Review/Permits/Other	\$ 58,850	\$ 58,850	\$ 58,850	\$ 60,950	\$ 1,108
Water PIF	\$ 77,501	\$ 83,236	\$ 81,919	\$ 83,236	\$ 1,513
Water Supply Requirement	\$ 196,039	\$ 196,039	\$ 196,039	\$ 183,391	\$ 3,334
Wasterwater PIF	\$ 165,385	\$ 177,623	\$ 172,166	\$ 177,623	\$ 3,230
Stormwater PIF	\$ 24,040	\$ 25,819	\$ 25,723	\$ 26,206	\$ 476
Electric Capacity Fee	\$ 132,949	\$ 142,788	\$ 152,626	\$ 156,067	\$ 2,838
<b>Combined Fees</b>	<b>\$ 1,417,285</b>	<b>\$ 1,494,505</b>	<b>\$ 1,545,157</b>	<b>\$ 1,566,060</b>	<b>\$ 28,474</b>
<b>Percentage Change</b>	<b>N/A</b>	<b>5.4%</b>	<b>9.0%</b>	<b>4.8%</b>	
		<b>vs. 2023</b>		<b>vs. 2024 Act</b>	

2025 Proposed Fees include inflation adjustments for 2024 impacts



- What questions do councilmembers have related to the Fee Studies and Utility model updates?
- What guidance do councilmembers have for staff prior to bringing 2025 Fee update ordinances to council for adoption in November?



## **Appendix 1: Examples and Comparisons**

# Combined Fees Summary: Single / Duplex Residence

<b>Single/Duplex Residence Example (1,890 sq. ft. floorplan)</b>				
<b>Type</b>	<b>2023</b>	<b>2024</b>		<b>2025</b>
	<b>Actual</b>	<b>Actual</b>	<b>Study</b>	<b>Proposed</b>
CEF	\$ 9,764	\$ 10,310	\$ 12,223	\$ 12,553
TCEF	\$ 7,621	\$ 8,185	\$ 8,106	\$ 8,260
Dev Review/Permits/Other	\$ 2,792	\$ 2,792	\$ 2,792	\$ 2,948
Water PIF	\$ 4,807	\$ 5,162	\$ 5,081	\$ 5,162
Water Supply Requirement	\$ 22,813	\$ 22,813	\$ 22,813	\$ 21,342
Wasterwater PIF	\$ 4,168	\$ 4,476	\$ 4,339	\$ 4,476
Stormwater PIF	\$ 1,305	\$ 1,402	\$ 1,397	\$ 1,423
Electric Capacity Fee	\$ 4,391	\$ 4,716	\$ 5,041	\$ 5,154
<b>Combined Fees</b>	<b>\$ 57,662</b>	<b>\$ 59,856</b>	<b>\$ 61,792</b>	<b>\$ 61,318</b>
<b>Percentage Change</b>	<b>N/A</b>	<b>3.8%</b>	<b>7.2%</b>	<b>2.4%</b>
		<b>vs. 2023</b>		<b>vs. 2024 Act</b>

2025 Proposed Fees include inflation adjustments for 2024 impacts

# Combined Fees Summary: Restaurant

<b>Restaurant 4,000 Sq Ft.</b>				
<b>Type</b>	<b>2023</b>	<b>2024</b>		<b>2025</b>
	<b>Actual</b>	<b>Actual</b>	<b>Study</b>	<b>Proposed</b>
CEF	\$ 11,164	\$ 11,788	\$ 14,696	\$ 15,093
TCEF	\$ 39,784	\$ 42,728	\$ 46,988	\$ 47,881
Dev Review/Permits/Other	\$ 19,500	\$ 19,500	\$ 19,500	\$ 19,687
Water PIF	\$ 60,101	\$ 64,548	\$ 63,526	\$ 64,548
Water Supply Requirement	\$ 137,718	\$ 137,718	\$ 137,718	\$ 128,833
Wasterwater PIF	\$ 37,555	\$ 40,334	\$ 39,095	\$ 40,334
Stormwater PIF	\$ 4,553	\$ 4,890	\$ 4,872	\$ 4,963
Electric Capacity Fee	\$ 33,893	\$ 36,401	\$ 38,909	\$ 39,787
<b>Combined Fees</b>	<b>\$ 344,268</b>	<b>\$ 357,908</b>	<b>\$ 365,304</b>	<b>\$ 361,126</b>
<b>Percentage Change</b>	<b>N/A</b>	<b>4.0%</b>	<b>6.1%</b>	<b>0.9%</b>
		<b>vs. 2023</b>		<b>vs. 2024 Act</b>

2025 Proposed Fees include inflation adjustments for 2024 impacts

# Combined Fees Summary: Office



Office 15,000 Sq. Ft.				
Type	2023	2024		2025
	Actual	Actual	Study	Proposed
CEF	\$ 41,865	\$ 44,205	\$ 30,150	\$ 30,964
TCEF	\$ 109,905	\$ 118,035	\$ 112,875	\$ 115,020
Dev Review/Permits/Other	\$ 29,540	\$ 29,540	\$ 29,540	\$ 30,152
Water PIF	\$ 49,542	\$ 53,208	\$ 52,366	\$ 53,208
Water Supply Requirement	\$ 43,953	\$ 43,953	\$ 43,953	\$ 41,117
Wasterwater PIF	\$ 19,956	\$ 21,433	\$ 20,774	\$ 21,433
Stormwater PIF	\$ 7,588	\$ 8,150	\$ 8,120	\$ 8,272
Electric Capacity Fee	\$ 12,418	\$ 13,337	\$ 14,256	\$ 14,577
<b>Combined Fees</b>	<b>\$ 314,767</b>	<b>\$ 331,861</b>	<b>\$ 312,033</b>	<b>\$ 314,743</b>
<b>Percentage Change</b>	<b>N/A</b>	<b>5.4%</b>	<b>-0.9%</b>	<b>-5.2%</b>
		<b>vs. 2023</b>		<b>vs. 2024 Act</b>

2025 Proposed Fees include inflation adjustments for 2024 impacts

# Combined Fees Summary: Retail

Retail 15,000 Sq. Ft.				
Type	2023	2024		2025
	Actual	Actual	Study	Proposed
CEF	\$ 41,865	\$ 44,205	\$ 55,110	\$ 56,598
TCEF	\$ 149,190	\$ 160,230	\$ 176,205	\$ 179,553
Dev Review/Permits/Other	\$ 24,024	\$ 24,024	\$ 24,024	\$ 24,528
Water PIF	\$ 49,542	\$ 53,208	\$ 52,366	\$ 53,208
Water Supply Requirement	\$ 37,674	\$ 37,674	\$ 37,674	\$ 35,243
Wasterwater PIF	\$ 19,956	\$ 21,433	\$ 20,774	\$ 21,433
Stormwater PIF	\$ 7,588	\$ 8,150	\$ 8,120	\$ 8,272
Electric Capacity Fee	\$ 12,418	\$ 13,337	\$ 14,256	\$ 14,577
<b>Combined Fees</b>	<b>\$ 342,257</b>	<b>\$ 362,261</b>	<b>\$ 388,528</b>	<b>\$ 393,413</b>
<b>Percentage Change</b>	<b>N/A</b>	<b>5.8%</b>	<b>13.5%</b>	<b>8.6%</b>
		<b>vs. 2023</b>		<b>vs. 2024 Act</b>

2025 Proposed Fees include inflation adjustments for 2024 impacts

# Capital Expansion Fee Comparison: Residential



Land Use Type	Fort Collins	Boulder	Cheyenne	Greeley	Loveland	Longmont
<b>Parks</b>						
<b>Residential (per dwelling)</b>						
Single Family - 1,890 sq. ft	\$7,930.00	\$6,125.00	\$400.00	\$6,877.00	\$8,944.00	\$8,649.80
Multi Family - 1,890 sq. ft.	\$7,930.00	\$6,125.00	\$400.00	\$6,877.00	\$6,165.00	\$5,027.59
<b>Police</b>						
<b>Residential (per dwelling)</b>						
Single Family - 1,890 sq. ft	\$455.00	\$499.00	\$975.00	\$310.00	\$1,190.00	--
Multi Family - 1,890 sq. ft.	\$455.00	\$499.00	\$975.00	\$310.00	\$829.00	--
<b>Fire</b>						
<b>Residential (per dwelling)</b>						
Single Family - 1,890 sq. ft	\$815.00	\$445.00	--	\$806.00	\$1,000.00	--
Multi Family - 1,890 sq. ft.	\$815.00	\$445.00	--	\$806.00	\$692.00	--
<b>General Government</b>						
<b>Residential (per dwelling)</b>						
Single Family - 1,890 sq. ft	\$1,110.00	\$785.00	--	--	\$1,476.00	--
Multi Family - 1,890 sq. ft.	\$1,110.00	\$785.00	--	--	\$1,027.00	--
<b>Transportation</b>						
<b>Residential (per dwelling)</b>						
Single Family - 1,890 sq. ft	\$8,185.00	\$4,694.37	\$1,555.14	\$7,983.00	\$2,650.72	\$2,113.04
Multi Family - 1,890 sq. ft.	\$8,185.00	\$3,470.62	\$1,244.11	\$7,983.00	\$1,851.61	\$2,113.04
<b>Total</b>						
<b>Residential (per dwelling)</b>						
Single Family - 1,890 sq. ft	\$18,495.00	\$12,548.37	\$2,930.14	\$15,976.00	\$15,260.72	\$10,762.84
Multi Family - 1,890 sq. ft.	\$18,495.00	\$11,324.62	\$2,619.11	\$15,976.00	\$10,564.61	\$7,140.63

Note: Boulder Transportation Fees include an impact fee and an excise tax.

Source: City of Boulder; City of Cheyenne; City of Greeley; City of Loveland; City of Longmont; City of Fort Collins; Economic & Planning Systems

# Capital Expansion Fee Comparison: Non-Residential



Land Use Type	Fort Collins	Boulder	Cheyenne	Greeley	Loveland	Longmont
<b>Police</b>						
<b>Nonresidential (per 1,000 sq. ft.)</b>						
Commercial	\$384.00	\$820.00	\$619.71	\$931.00	\$527.10	--
Office and Other Services	\$384.00	\$330.00	\$302.97	\$500.00	--	--
Industrial	\$90.00	\$190.00	\$532.64	\$255.00	\$67.60	--
<b>Fire</b>						
<b>Nonresidential (per 1,000 sq. ft.)</b>						
Commercial	\$686.00	\$710.00	--	\$2,072.00	\$600.00	--
Office and Other Services	\$686.00	\$1,020.00	--	\$1,113.00	--	--
Industrial	\$161.00	\$650.00	--	\$568.00	\$120.00	--
<b>General Government</b>						
<b>Nonresidential (per 1,000 sq. ft.)</b>						
Commercial	\$1,877.00	\$440.00	--	--	\$567.60	--
Office and Other Services	\$1,877.00	\$640.00	--	--	--	--
Industrial	\$442.00	\$410.00	--	--	\$81.10	--
<b>Transportation</b>						
<b>Nonresidential (per 1,000 sq. ft.)</b>						
Commercial	\$10,682.00	\$3,100.00	\$2,488.23	\$9,238.00	\$9,520.00	\$3,420.00
Office and Other Services	\$7,869.00	\$2,730.00	\$1,866.17	\$5,958.00	\$4,045.00	\$1,480.00
Industrial	\$2,540.00	\$2,640.00	\$1,866.17	\$3,035.00	\$1,172.50	\$470.00
<b>Total</b>						
<b>Nonresidential (per 1,000 sq. ft.)</b>						
Commercial	\$13,629.00	\$5,070.00	\$3,107.94	\$12,241.00	\$11,214.70	\$3,420.00
Office and Other Services	\$10,816.00	\$4,720.00	\$2,169.14	\$7,571.00	\$4,045.00	\$1,480.00
Industrial	\$3,233.00	\$3,890.00	\$2,398.81	\$3,858.00	\$1,441.20	\$470.00

Note: Boulder Transportation Fees include an impact fee and an excise tax.

Source: City of Boulder; City of Cheyenne; City of Greeley; City of Loveland; City of Longmont; City of Fort Collins; Economic & Planning Systems





## **Appendix 2: 2023 Fee Study Details**

## TCEF 2023 Study Update Methodology

- Roadway Capacity: Incremental Expansion Methodology (same as previous TCEF study)
- Active Modes Component: Plan Based Methodology

## Data inputs

- North Front Range MPO and census data to update demand from development
- Growth Share of Plans
  - 2023 Transportation Capital Projects Prioritization Study (TCPPS)
  - 2022 Active Modes Plan
  - 10-year buildout of additional lane miles through development
  - Arterial Cost per Lane Mile (\$2.0M)
- Travel Diary Study Report

- Roadway Capacity: Incremental Expansion Methodology
  - Projected 10-year needs of transportation infrastructure (in terms of lane miles)
    - TCPPS projects that are growth related
    - Development construction of additional lane miles
  - Evaluates the growth share of infrastructure that's attributable to development impact
  - Impact is based on Vehicle Miles Traveled (VMT)
    - Vehicle trip length from Travel Diary Survey (4.9 miles)
- Roadway Capacity Analysis
  - 13% increase in VMT
  - 61.9 new lane mile needs over 10 years to maintain current LOS
    - 7% (4.3 lane miles) of trips on roadway network is external-external trips
    - \$8.6M out \$124M of our roadway capacity needs not attributable to growth/TCEF
    - 57.6 miles attributed to growth

- Active Modes Component: Plan Based Methodology
  - 10-year growth related cost compared to 10-year growth projection
  - High and Medium priority Active Modes Projects (\$87M)
- Active Modes Plan Analysis
  - From \$87M of High & Medium priority Active Modes Plan projects 13% (\$11M) attributed to 10-year growth
  - Based on demand from residential and nonresidential development and allocated based on the percent of commuters who walk or bike to work (22% active modes Travel Study Log)
  - Active Modes Plan share increase from 2017 (4%) to 2023 (9%)

- **Standards Based or “Incremental Expansion” Approach**
  - Maintains the current level of service or investment per unit of development
  - Replacement/Construction cost valuations
  - Offsets for debt funding
  - Adjustments by land use type and occupancy factors
  
- **Key Data inputs**
  - Updated 2023 asset inventories for City of Fort Collins and Poudre Fire Authority
  - Neighborhood and Community Park development costs and current land valuation estimates
  - Current market cost of construction estimates and Larimer County valuations
  - Updated residential household size and non-residential occupancy factors
  - Alignment of existing conditions with concurrent TCEF Study Update

- **Parks**

- Higher land valuations
- Inclusion of East District Maintenance Facility
- Neighborhood Parks – higher development costs reflective of newest park buildouts

- **Police and Fire**

- Significant Asset Value increases – Additional Equipment and Facilities and Higher unit replacement costs

- **General Government**

- Increased Asset Values but lower increases relative to Police and Fire

# CEF: 2023 Study Update (Economic & Planning Systems, Inc.)



## CEF - 2023 Fees

Residential	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	2023 Total
up to 700 sq. ft.	Dwelling	\$2,108	\$2,977	\$516	\$289	\$703	\$6,593
701-1,200 sq. ft.	Dwelling	\$2,822	\$3,985	\$698	\$391	\$948	\$8,844
1,201-1,700 sq. ft.	Dwelling	\$3,082	\$4,351	\$759	\$425	\$1,035	\$9,652
1,701-2,200 sq. ft.	Dwelling	\$3,114	\$4,396	\$772	\$431	\$1,051	\$9,764
over 2,200 sq. ft.	Dwelling	\$3,470	\$4,901	\$859	\$480	\$1,170	\$10,880
Development Type	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Current Total
Commercial	1,000 sq. ft.			\$650	\$364	\$1,777	\$2,791
Office and Other Services	1,000 sq. ft.			\$650	\$364	\$1,777	\$2,791
Industrial	1,000 sq. ft.			\$152	\$85	\$419	\$656

## CEF - Update

Residential	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Update Total
up to 700 sq. ft.	Dwelling	\$2,813	\$2,140	\$604	\$382	\$745	\$6,684
701-1,200 sq. ft.	Dwelling	\$4,260	\$3,241	\$914	\$578	\$1,129	\$10,122
1,201-1,700 sq. ft.	Dwelling	\$4,783	\$3,638	\$1,026	\$649	\$1,267	\$11,363
1,701-2,200 sq. ft.	Dwelling	\$5,145	\$3,913	\$1,104	\$698	\$1,363	\$12,223
over 2,200 sq. ft.	Dwelling	\$5,848	\$4,448	\$1,254	\$794	\$1,549	\$13,894
Development Type	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Update Total
Commercial	1,000 sq. ft.			\$1,281	\$811	\$1,582	\$3,674
Office and Other Services	1,000 sq. ft.			\$701	\$444	\$866	\$2,010
Industrial	1,000 sq. ft.			\$332	\$210	\$410	\$953

## CEF - Change \$

Residential	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Change Total
up to 700 sq. ft.	Dwelling	\$705	(\$837)	\$88	\$93	\$42	\$91
701-1,200 sq. ft.	Dwelling	\$1,438	(\$744)	\$216	\$187	\$181	\$1,278
1,201-1,700 sq. ft.	Dwelling	\$1,701	(\$713)	\$267	\$224	\$232	\$1,711
1,701-2,200 sq. ft.	Dwelling	\$2,031	(\$483)	\$332	\$267	\$312	\$2,459
over 2,200 sq. ft.	Dwelling	\$2,378	(\$453)	\$395	\$314	\$379	\$3,014
Development Type	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Change Total
Commercial	1,000 sq. ft.			\$631	\$447	(\$195)	\$883
Office and Other Services	1,000 sq. ft.			\$51	\$80	(\$911)	(\$781)
Industrial	1,000 sq. ft.			\$180	\$125	(\$9)	\$297

## CEF - Change %

Residential	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Change %
up to 700 sq. ft.	Dwelling	33%	-28%	17%	32%	6%	1%
701-1,200 sq. ft.	Dwelling	51%	-19%	31%	48%	19%	14%
1,201-1,700 sq. ft.	Dwelling	55%	-16%	35%	53%	22%	18%
1,701-2,200 sq. ft.	Dwelling	65%	-11%	43%	62%	30%	25%
over 2,200 sq. ft.	Dwelling	69%	-9%	46%	65%	32%	28%
Development Type	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Change %
Commercial	1,000 sq. ft.			97%	123%	-11%	32%
Office and Other Services	1,000 sq. ft.			8%	22%	-51%	-28%
Industrial	1,000 sq. ft.			119%	147%	-2%	45%





# **Appendix 3: Development Review / Building Permits / Inspections**



- 2019 was last comprehensive fee update
  - Development Review fees last adjusted for 2022
- Focus on improvement of the customer service experience through multiple means: improved technology, staffing adjustments, and process updates
- License, Permitting & Code Enforcement (LPCE) system replacement – estimated completion in 2<sup>nd</sup> half 2026
- Ongoing fee analysis balancing customer expectations, levels of service and cost recovery requirements
- Administrative User Fees – included in Budget (BFO) offers for 2025/26
  - 2025 Fee Adjustments:
    - Development Review: No Change
    - Building Permits: 7.2%
    - Inspections: 7.2%



## **Appendix 4: Fee Credits and Offsets**

- Prior to 2013, development fees for Affordable Housing were typically waived, especially for the City's designated Housing Authority (Housing Catalyst)
  - Fee credit program started in 2013 and has gone through several iterations
  - Current state:
    - Flat credit of \$14,000 per unit
    - Any affordable developer can access credits for 30% AMI units **only**
    - Affordable Housing Capital Fund (AHCF), funded via the CCIP Renewable Tax, is available for qualified projects – requires council appropriation for utilization
    - In 2022, an additional \$350,000 of ARPA funding was appropriated for eligible projects
- 
- *Units serving the lowest income households require extra subsidy to build, manage, and maintain; rents can't be increased to cover the cost of the unit*
  - *Most affordable housing developments are multi-unit buildings with 1-3 bedrooms per unit*
  - *Fee categories "under 700 sq. feet" and "700-1,200 sq. feet" are most relevant to affordable projects*

# Fee Credits/Reductions: Options to Consider

- Continue program operation as it is today – credits can be used toward fees paid from AHCF for 30% AMI units
- Waive some or all fees for 30% AMI units
- Waive some or all fees for a broader income range
- Create a tiered approach where fees are waived for some units (e.g., 30-50% AMI) and partially credited for others (e.g., 60% AMI and above)

Fee offsets will generally need subsidy to fund levels of service

Options		Annual Cost Estimate / Subsidy Requirement
1	Keep fee credit program as is – flat credit of \$14,000 per unit (~ 58% of fees for 30% AMI units) – 25 units per year	\$350,000
2	Increase to maintain current ratio of fees covered for 30% AMI units (~ 64% of fees for 30% AMI units) – 25 units per year	\$360,000 - \$380,000
3	Increase to cover all fees for 30% AMI units (100% of fees for 30% AMI units) – 25 units per year	\$560,000 - \$595,000
4	Expand to cover some or all fees for a wider AMI range	
4A	40% AMI or below – 40 units per year	\$900,000 - \$950,000
4B	50% AMI or below – 85 units per year	\$1.9 - \$2.0 million
4C	60% AMI or below – 125 units per year	\$2.8 – \$2.9 Million
4D	70% AMI or below – 165 units per year	\$3.7 – \$3.9 million
4E	80% AMI or below – (all affordable housing) – 185 units per year (City’s commitment under proposition 123)	\$4.2 – \$4.4 million

# Approaches to Incentivizing Affordable Housing – Fee Reductions



	Fort Collins	Longmont	Loveland	Boulder	Denver	Colorado Springs
<b>Impact Fee Type / Structure</b>	Varies by dwelling size and Sq. ft. of non-residential	Varies by dwelling size and sq. ft of non-residential	Flat fee per unit type	<ul style="list-style-type: none"> <li>Fees vary by dwelling size <i>plus</i></li> <li>Transportation Excise Taxes</li> </ul>	Water and Sewer tap fees	Police/Fire/Parks with rates based on units/structure plus water taps
<b>Eligibility / Framework</b>	<ul style="list-style-type: none"> <li>30% AMI</li> </ul>	<ul style="list-style-type: none"> <li>80% AMI – Sale</li> <li>50% AMI – Rental</li> <li>Minimum 12% Inclusionary housing</li> </ul>	<ul style="list-style-type: none"> <li>80% AMI</li> </ul>	<ul style="list-style-type: none"> <li>Less than 30% of income on housing</li> <li>25% inclusionary housing requirement</li> </ul>	Tiered Options <ul style="list-style-type: none"> <li>Hi / Lo- cost markets</li> <li>Sale/Rental</li> <li>Minimum of: 8% @ 60% AMI to 15% @ 90% AMI</li> </ul>	<ul style="list-style-type: none"> <li>All units reserved for below 120% AMI</li> </ul>
<b>Other Program Items</b>	2022 ARPA funding	Fee Deferral – pay at certificate of occupancy	Investigating variance of fees by dwelling size	Non-Residential Linkage Fee charged based on job generation	Incentives: <ul style="list-style-type: none"> <li>Reduced parking space requirements</li> </ul>	Point system rebate based on scoring rubric
<b>Amount</b>	\$14K per unit – fixed fee credit	Fee Waivers For Sale Units: 50 – 100% Rental Units: 20 – 50%	100% Fee waiver for non-profits using Low Income Housing Tax Credit	Variable	\$6.5K - \$10k capped at 50% of total fees	0 – 100% fee rebate
<b>Funding Sources</b>	Affordable Housing Capital Fund (AHCF) or General Fund	Affordable Housing Fund funded by fee-in-lieu and allocated local funds	General Fund	Revenue from linkage fees funds Affordable Housing fund	Linkage fee for projects with 9 or fewer units	Housing /Community Vitality Department & Utilities Dept

- Impact fees vary by home size
- Affordable Housing Definition: For-Sale 80% AMI, Rental 50% AMI
- 12% inclusionary housing requirement
- Fee Deferral: Pay fees at CO instead of Permit Issuance
- Waivers and discounts are available only if a project exceeds the 12% minimum requirement
  - Some fees are waived with no backfill, others are offset using the City's Affordable Housing Fund (discretionary)
  - The City's Affordable Housing Fund is funded by IH Fee-in-lieu and allocated local funds
  - 50% to 100% waiver for for-sale units, 20% to 50% for rental units

- Affordable Housing Definition: 80% AMI
- 100% Fee Waiver for non-profit builders and developers utilizing LIHTC for 80% AMI (recently passed)
- Loveland Affordable Housing Task Force
  - Partnership with the City
  - Examining options to restructure impact fees and water fees to vary by home size
  - Current fees are charged as a flat fee per unit
- The fee waivers are currently backfilled by the City's General Fund

- Capital impact fees vary by home size
  - \$4,400-\$11,500 based on home size
  - Non-residential: \$0.58 per sq. ft. to \$2.16 per sq. ft. based on land use
- Transportation excise tax in addition to impact fees
  - \$2.48/ non-residential square foot
  - \$4,128.12 per SFD; \$2,995.02 per attached dwelling
  - Transportation impact fee is low to avoid double charging (\$100-\$300/unit)
- Inclusionary Housing Requirement
  - 25% for project with more than 5 units
  - 20% for smaller developments including single-family homes
- Affordable Housing Definition: Households spend less than 30% of their income on housing, adjusted annually using market data
- Non-residential linkage fees
  - Affordable housing impact fee: linkage between job generation and affordable housing demand
  - Ranges from \$10.45 per sq. ft. to \$31.35 per sq. ft. based on land use type and wages



- No capital impact fees, only water and sewer tap fees
- Inclusionary housing requirement for projects with 10 or more units
- Option 1:
  - High-cost markets: Rental 10% at 60% AMI, For-sale 10% at 80% AMI
  - Typical markets: Rental 8% at 60% AMI, For-sale 8% at 80% AMI
- Option 2:
  - High-cost markets: Rental 15% at 70% AMI avg., For-sale 15% at 90% AMI avg.
  - Typical markets: Rental 12% at 70% AMI, For-sale 12% at 90% AMI
- Base incentives:
  - Reduce parking by 0.5 spaces/unit
  - \$10,000 permit fee reduction per unit in high markets; \$6,500/unit in typical marks not to exceed 50% of total permit fees
- Linkage fees apply projects with 9 or fewer units
  - Residential: Increases to \$5.00 to \$8.00 per square foot as of 7/1/2025
  - Nonresidential: Increases to \$6.00 to \$9.00 per square foot as of 7/1/2025 (\$2.50 industrial)
- No fee waiver program

- Capital Expansion fees for Police, Fire, Parks plus Utility water Tap Fees
- Fee Rebate Program based on point system ranging 0 to 50 points
  - All Units reserved for residents under 120% AMI
  - Score criteria:
    - Up to 10 points for % of units reserved at 50% AMI or below;
    - Up to 10 points for ongoing affordability;
    - Up to 3 points for every additional unit above Section 504 requirements (i.e., accessible units);
    - Up to 5 points for unit set-aside for special needs or veterans experiencing homelessness;
    - Up to 4 points for incorporating 7 principles of universal design;
    - Up to 8 points for alignment with City Planning Documents;
    - Up to 4 points for being located in a High Opportunity Neighborhood;
    - Up to 6 points for incorporation of CSU Conservation Programs
  - Score breakdown: 46-50: 100% fee rebate; 41-45: 80% fee rebate; 36-40: 60% fee rebate; 31-35: 40% fee rebate; 26-30: 20% fee rebate; 25 and below: 0% fee rebate
  - Funded by Housing and Community Vitality Department and Utilities Department