

## Commercial Parkland Dedication in Comparison Cities

Fewer cities currently have an established parkland dedication requirement for commercial development, compared to those cities with a residential requirement. This Study explores the U.S. landscape for commercial parkland dedication requirements with specific metropolitan examples.

### Texas

In Texas, Hutto accounts for the impact of non-residential developments on parkland by assessing a parkland development fee at a rate of \$800/acre for developments consisting of 3 or more acres. <sup>6</sup> El Paso requires non-residential developments to meet parkland dedication requirements through payment of a fee-in-lieu, on-site land dedication, or purchase of park facilities for existing or proposed park space at the subdivision phase. <sup>7</sup> For fees, El Paso uses a rate of \$1,000 per acre of the non-residential subdivision. In the case of land dedication, park space must meet the criteria outlined in the City of El Paso's Open Space Master Plan and have a value equivalent to the fee amount required for the subdivision. The El Paso ordinance also expands on the use of any funds collected through parkland dedication for non-residential subdivisions. The ordinance stipulates that all funds must be used on the acquisition or the development of both public parkland and other recreational facilities, but not for any ongoing maintenance. Additionally, funds must be spent on a neighborhood park within the applicable park planning zone or on a community or regional park within an adjacent park zone. El Paso is in the process of updating their parkland dedication ordinance fee schedule, which has not been updated since it was passed in 2008. Colleyville, within the Dallas-Fort Worth Metropolitan Statistical Area, established a parkland dedication requirement of 1 acre of parkland for every 56 gross acres of non-residential development. <sup>8</sup> Colleyville argues that parkland dedication helps to address the negative environmental and societal impacts of commercial developments. Similar to the El Paso ordinance, developers have the option to satisfy parkland dedication requirements through payment of fee-in-lieu, improvement to existing facilities, or through onsite land dedication. Overall, the requirements for these Texas cities may be based on the acreage of their parklands, rated against the percentage of the cities' gross acreage devoted to commercial/nonresidential use. This Study focuses more on the actual impact on levels of service, like the Impact Fees observed in California, Denver, and Atlanta, which described in more detail below.

### California

In California, several cities charge impact fees for parks, using an established level of service from which a fee is derived. Impact fees are based on a different legal framework than existing parkland dedication ordinances in Texas, and are not allowed in the State. While the proposed commercial parkland dedication ordinance is not an impact fee authorized under Chapter 395 of Texas Local Government Code, the methods used by other jurisdictions in developing impact fee studies provide guidance in crafting a formula for the amount of parkland dedication required that recognizes the difference in demand for commercial uses. In Sacramento, the park impact fees are derived from a maximum justifiable rate associated with the planned expansion of the city's parks system and established level of service. <sup>9</sup> Similarly, Palo Alto updated its fee

schedule for fiscal year 2021 with a rate of \$5,564 per 1,000 sf of new commercial or industrial development based on an established level of service. 10 Belmont, CA, a mid-sized city in the Bay Area, formulated their current park service level and apportsions park impact fees to commercial developments based on a service population factor. 11 As described in their nexus report, the demand from employees must be “informed by assumptions about the hours of availability of park facilities and an employee’s relative opportunity to access the City’s park facilities.” Below are the steps outlined in the service population factor calculation:

$$\text{Service Population Factor} = ((\% \text{ Employees Live in the City} \times \text{Park Impact Weight}) + (\% \text{ Employees Live Outside the City} \times \text{Park Impact Weight})) / ((\% \text{ Residents Not in Labor Force} \times \text{Park Impact Weight}) + (\% \text{ Residents Employed in the City} \times \text{Park Impact Weight}) + (\% \text{ Residents Employed Outside the City} \times \text{Park Impact Weight}))$$

% Employees and Residents commuting based on U.S. Census Bureau ACS estimates and the U.S. Census On the Map Tool Park Impact Weight based on assumptions of relative opportunity of cohorts to use park facilities

The overall service population is then calculated by adding the total residents in the city to the employees in the city multiplied by the service population factor. Each commercial use is assigned a service population per square foot using an assumed employee density and the service population factor. Employee densities are researched estimates based on industry standards and informed by Institute of Transportation Engineers reports. A current cost per service population is calculated by an estimated cost for new park facilities based on historical acquisition and construction costs in the city. The resulting impact fees for commercial development range from \$1.27 per square foot for industrial space to \$3.16 per square foot of office space. While impact fees for parks are not authorized in Texas, cities like Sacramento, Palo Alto, and Belmont do offer a framework for measuring commercial development’s impact on parkland in order to assess proportional requirements.

## Denver, Colorado

Denver, Colorado imposes development impact fees for new residential and non-residential development in the Gateway District of the city. As stated in the ordinance, these fees are intended to counteract new development’s ‘new, increased and excessive demands on city public facilities and services, including, without limitation, fire protection, roads, drainage and parks and recreation.’ Subdivision regulations for the District require a 2% parkland dedication for commercial development in the area or a fee-in-lieu of dedication. The regulations, passed in 2000, established a fee-in-lieu rate of \$403 per acre for non-residential buildings with a 5% increase recalculated every three years. The fee rate is based on a rough proportionality between the cost of facilities that are attributable to new development and the overall public costs of the provision of such facilities, shifting the responsibility for financing new public facilities to entities and property owners creating the increased demand for them. Planners in Denver indicated they are currently exploring an update to their current parkland requirements, as well as applying a parkland dedication requirement citywide.

## Atlanta, Georgia

Atlanta Georgia introduced a commercial parks impact fee in 1993<sup>12</sup> and updated it with a fee impact study in 2021 and 3-phase implementation plan between 2021 to 2025.<sup>13</sup> The impact fee reflects the current level of park service (LOS) across three service areas in the city. The LOS considers both land acquisition and park improvements in order to accurately assess the costs associated with maintaining and expanding a park system. The final impact fees were derived by multiplying the functional population for each land use by the net cost per functional population. The land use is broken down into residential uses at different densities (such as multifamily, single family, hotel/motel) and commercial uses broken into several categories including shopping/commercial, warehouse, public/institutional, office, industrial, warehouse and mini warehouse. The functional population of each use was determined by a calculation that considers employees/people per unit, visitors per unit, number of hours per day of occupancy, and average daily trips (ADT) derived from various national standards including the U.S. Department of Transportation, National Household Travel Survey, 2009, ITE, Trip Generation, 10th ed., 2017 and U.S. Department of Energy, Commercial Buildings Energy Consumption Survey, 2012. The following formula is used to calculate the functional population for non-residential land uses:

$$\text{Functional population/unit} = (\text{employee hours}/1000 \text{ sf} + \text{visitor hours}/1000 \text{ sf}) \div 24 \text{ hours/day}$$
$$\text{Functional population/employee} = \text{functional population/unit} \div \text{employee/unit}$$

Where: Employee hours = employees x 8 hours/day

Visitor hours/1000 sf = visitors/1000 sf x 1 hour/visit

Visitors/1000 sf = weekday ADT/1000 sf x avg. vehicle occupancy – employees/1000 sf

Weekday ADT/1000 sf = one way average daily trips (total trip ends ÷ 2)

The resulting fee ranges from \$53/1000 sq ft for mini-warehouses to \$1,202/1000 sq feet for shopping centers/commercial uses.

## Minneapolis, Minnesota

Minneapolis, Minnesota requires parkland dedication for new residential and commercial development. Minneapolis' requirement for commercial developments is based on ½ the requirement for residential developments, recognizing that employees of commercial developments place demand on the park system at a lower extent than residents. As with similar parkland dedication ordinances seen across the country, fees must be spent in the neighborhood in which they were received. As of April 2022, the fee rate was set at \$240.50 per development employee and the land requirement is set at 100 sf of dedicated parkland per development employee. The formula for calculating the number of development employees is based on data maintained by the City's community planning and economic development department.

Published by City of Austin on August 10, 2022