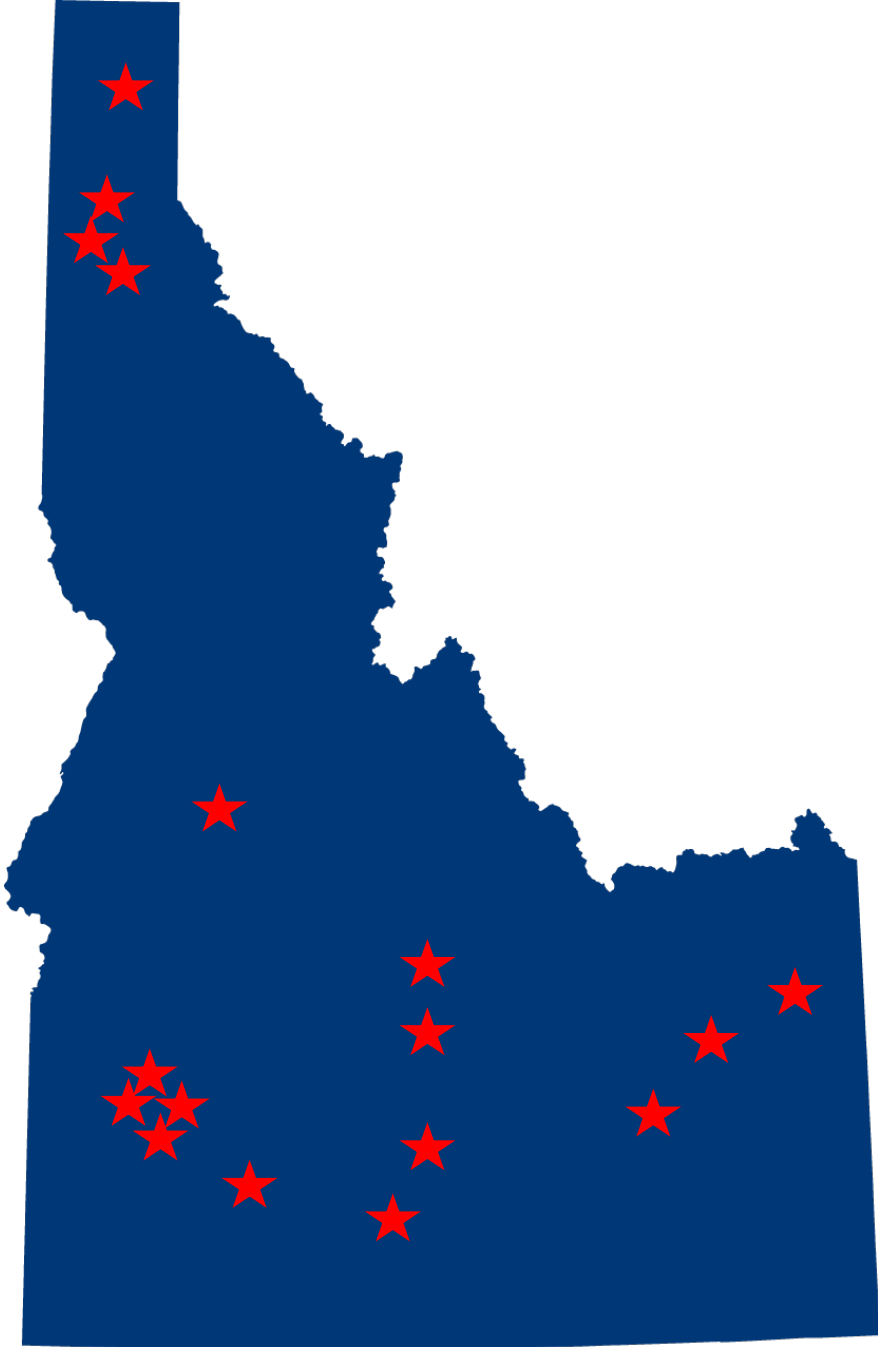


Paying for Growth: Impact Fees in Idaho

Sandpoint, ID
April 7, 2025



| TischlerBiseGalena Idaho Experience | | | | | |
|-------------------------------------|---------------------|------------------------------|--------------------------|-----------------------------|-------------------------------|
| Ada County | Boise | Burley | Caldwell | Caldwell Hwy. District | Caldwell Rural Fire District |
| Canyon County | Canyon County EMS | Carey | Cascade | Cascade Fire District | Donnelly |
| Driggs | Eagle Fire District | Eastside Fire District | Eastside Hwy. District | Elmore County | Emmett |
| Filer Fire District | Gem County | Gem County Fire District | Hailey | Hayden | Homedale Fire District |
| Houser Fire District | Idaho Falls | Jerome County | Kellogg | Kootenai County | Kootenai County Fire District |
| Kuna | Kuna Fire District | Lakes Hwy. District | Marsing Fire District | McCall | McCall Fire District |
| Melba Fire District | Meridian | Meridian Rural Fire District | MicaKidd Fire District | Middleton | Middleton Fire District |
| Middleton Parks District | Mountain Home | Nampa | Nampa Fire District | North Ada Co. Fire District | Northern Lakes Fire District |
| Northside Fire District | Parma | Payette | Payette County | Post Falls | Post Falls Hwy. District |
| Rock Creek Fire District | Sandpoint | Shoshone County | Shoshone Fire District | Spirit Lake Fire District | St. Maries' Fire District |
| Star Fire District | Sun Valley | Teton County | Timberlake Fire District | Twin Falls | Valley County |
| Victor | West Pend | Whitney Fire District | Wilder Fire District | Worley Fire District | |



Impact Fee Fundamentals

- One-time payment for growth-related infrastructure, usually collected at the time buildings permits are issued
- Not a tax, similar to a contractual arrangement to build infrastructure with fee revenue, with three requirements
 - Need (system improvements, not project-level improvements)
 - Benefit
 - Short range expenditures
 - Geographic service areas and/or benefit districts
 - Proportionate

Eligible Costs

- Facilities/improvements required to serve new development – Yes
- Excess capacity in existing facilities – Yes
- Improvements required to correct existing deficiencies – No
 - Unless there is a funding plan
- Maintenance and repairs – No
- Operating costs – No
- ❖ Park examples
 - ❖ Net new playground – Yes
 - ❖ Replacing rusty slide – No
 - ❖ Replacing playground from 400 sqft to 1,000 sqft – 60% impact fees

Impact Fees in Idaho

- Impact fee revenue must be maintained in an interest bearing account
- Monies must be spent within 8 years from collection
- Community must publish an Annual Monitoring Report and have Advisory Committee
- Capital improvement plan (CIP) is required
- Comprehensive review and update every 5 years
- Eligible for the following public facilities with useful life of 10 years or more:
 - Water, wastewater, stormwater
 - Transportation
 - Parks & Recreation
 - Public safety: law enforcement, fire, EMS

Development Impact Fee Advisory Committee

- DIFAC is at least 5 members
 - Must be residents of the jurisdiction
 - At least 2 must be developers, realtors, builders; at least 2 must not be active in those fields
- Assist in the assumptions regarding growth, levels of service, future demand, costs, capital plans, etc.
 - Mission is to secure a recommendation of validity of the analysis
 - Other recommendations/comments submitted to City Council
- Meet annually to review revenue and expenditure report

Myths and Misconceptions

- ✗ Impact fees cover the entire cost of new facilities, negating the need for higher taxes
 - Conservative assumptions
 - Credits
 - O&M costs
- ✗ Impact fees should be based on planning standards, without concern for deficiencies
- ✗ Nonresidential fees can be “adjusted” for economic reasons
- ✗ All developers/builders hate impact fees
 - Streamlined program that proformas can account for (just like building permit fees), compared to unknowns during the entitlement process
 - Equity across development

Impact Fee Study Process

- Methodologies
 - Cost Recovery (past)
 - Recovering growth cost of a previously built facility
 - Incremental Expansion (present)
 - Fee is set to current level of service
 - Plan-Based (future)
 - Fee is collected for a specific CIP project list
- Benefit Analysis (service areas)
- Evaluate credits

Impact Fee Study Process

- Determine existing development base and projected future growth
- Determine existing levels of service and capital needs due to new growth
- Determine appropriate indicators of demand
- Evaluate methodological alternatives
- Evaluate need for credits
- Calculate fees
- Review and input from DIFAC/other stakeholder groups
- Adoption process
 - Planning & Zoning Committee for CIP to be included to Comp Plan
 - City Council for ordinance and formal adoption

Current Fee Schedule

- Last study completed in 2012

Figure 1. Summary of City of Sandpoint Impact Fee Methodologies

| Fee Category | Components | Methodologies |
|----------------------|---|-------------------------------------|
| Parks and Recreation | <ul style="list-style-type: none">• Park land acquisition• Park improvements• Recreation facility space | Incremental Expansion |
| Police | <ul style="list-style-type: none">• Police Station• Communications Infrastructure | Incremental Expansion |
| Fire | <ul style="list-style-type: none">• Fire Stations• Apparatus/Equipment | Incremental Expansion |
| Transportation | <ul style="list-style-type: none">• Streets and Intersections• Multi-use Pathways | Plan-Based Incremental Expansion |

Current Fee Schedule

- Comprehensive update includes addressing:
 1. Cost increases since 2012
 2. Levels of service
 3. Future growth-related capital expansion plans (CIP)

| Development Type | Parks & Recreation | Pathways | Roads | Sandpoint Fire | Sandpoint Police | Current Total Fee |
|--|--------------------|----------|---------|----------------|------------------|-------------------|
| Residential (per housing unit by square feet) | | | | | | |
| Multi-family/other all sizes | \$2,662 | \$487 | \$1,506 | \$499 | \$291 | \$5,445 |
| Single Family 0-3 bedrooms | \$2,465 | \$451 | \$1,646 | \$462 | \$269 | \$5,294 |
| Single Family 4+ bedrooms | \$3,693 | \$675 | \$2,213 | \$692 | \$404 | \$7,676 |
| Nonresidential (per 1,000 square feet) | | | | | | |
| Commercial/Shopping Center Average | - | \$285 | \$3,738 | \$856 | \$177 | \$5,056 |
| Office | - | \$95 | \$1,386 | \$285 | \$54 | \$1,820 |
| Mini-Warehouse | - | \$27 | \$313 | \$68 | \$14 | \$422 |
| Warehousing | - | \$27 | \$449 | \$95 | \$14 | \$585 |
| Manufacturing | - | \$41 | \$476 | \$95 | \$14 | \$626 |
| Light Industrial | - | \$68 | \$870 | \$177 | \$41 | \$1,156 |

Current Fee Schedule

- Impact fee comps

| Infrastructure Type | Current | | | | | | | |
|------------------------------------|------------|---------------|----------|----------|-----------|---------------------|----------------------|----------------|
| | Post Falls | Couer d'Alene | Hayden | Rathdrum | Sandpoint | Northern Lakes Fire | Kootenai County Fire | Northside Fire |
| Roads | | | | | | | | |
| per single family residential unit | \$3,174 | \$3,933 | \$2,672 | \$2,560 | \$1,645 | \$0 | \$0 | \$0 |
| per 1,000 retail sf | \$6,340 | \$5,360 | \$9,980 | \$7,380 | \$3,738 | \$0 | \$0 | \$0 |
| Parks | | | | | | | | |
| per single family residential unit | \$6,444 | \$1,705 | \$2,935 | \$2,048 | \$2,465 | \$0 | \$0 | \$0 |
| Pathways | | | | | | | | |
| per single family residential unit | \$1,387 | \$0 | \$0 | \$0 | \$451 | \$0 | \$0 | \$0 |
| Fire/Fire District | | | | | | | | |
| per single family residential unit | \$1,380 | \$1,320 | \$1,481 | \$0 | \$462 | \$1,302 | \$1,207 | \$785 |
| per 1,000 retail sf | \$690 | \$700 | \$780 | \$0 | \$856 | \$650 | \$600 | \$390 |
| Police | | | | | | | | |
| per single family residential unit | \$1,260 | \$688 | \$154 | \$1,173 | \$269 | \$0 | \$0 | \$0 |
| per 1,000 retail sf | \$1,240 | \$370 | \$345 | \$21 | \$177 | \$0 | \$0 | \$0 |
| TOTAL | | | | | | | | |
| per single family residential unit | \$13,645 | \$7,645 | \$7,242 | \$5,781 | \$5,292 | \$1,302 | \$1,207 | \$785 |
| per 1,000 retail sf | \$8,270 | \$6,430 | \$11,105 | \$7,401 | \$4,771 | \$650 | \$600 | \$390 |

Study Update

- Exploring changes to program
 1. Changing residential fee schedule by square footage of dwelling unit
 2. Expanding development types in nonresidential schedule
 - Hotel & institutional

Study Update

- Stormwater
 - Proposal for study included examining stormwater impact fees
 - TischlerBise is recommending not moving forward
 1. Stormwater infrastructure has significant existing deficiencies that require non-impact fee funding (not unusual)
 2. Stormwater Master Plan is outdated
 3. Growth-related stormwater CIP not available

Study Update

Demographic Assumptions

Permanent and Seasonal Population

- Base year housing is derived from building permit trends since the 2020 Decennial Census

| Housing Type | 2020 Census[1] | New Housing Units [2] | Base Year 2024 |
|---------------|----------------|-----------------------|----------------|
| Single Family | 3,000 | 255 | 3,255 |
| Multifamily | 1,295 | 136 | 1,431 |
| Total | 4,295 | | 4,686 |

[1] Source: TischlerBise analysis of U.S Census Bureau 2020 Decennial Census

[2] Source: City of Sandpoint building permit data

Base Year Population

- Permanent, seasonal, and overnight visitor population combined leads to peak population estimate of 11,413

| City of Sandpoint | Base Year 2024 |
|------------------------------|-------------------|
| Permanent Hsg Population [1] | 9,397 |
| Seasonal Hsg Population [2] | 1,651 |
| Overnight-Visitors [3] | 365 |
| Total Peak Population | 11,413 |
| Housing Units [4] | |
| Single Family | 3,136 |
| Multifamily | 1,550 |
| Total Housing Units | 4,686 |

[1] TischlerBise analysis of occupied housing units and PPHH factors

[2] TischlerBise analysis of vacant/seasonal housing units and PPHH factors

[3] TischlerBise survey of available lodging rooms

[4] Source: TischlerBise analysis of U.S. Census Bureau 2020 Decennial Census, and City of Sandpoint Planning Department

Building Permit History

- Building permit history shows a total of 538 housing units added since 2019
- Annual average of 108 units
- Breakdown for projected new units from conversations with City staff

| Development | 2019 | 2020 | 2021 | 2022 | 2023 | Total | 5-Year Average |
|-------------|------|------|------|------|------|-------|----------------|
| Total Units | 80 | 67 | 191 | 95 | 105 | 538 | 108 |

Source: Sandpoint Planning Department

| Housing Type | Housing Split |
|---------------|---------------|
| Multifamily | 65% |
| Single Family | 35% |
| Total | 100% |

Source: Sandpoint Planning Department

Residential Development Projections

- Housing projections based on building permit data
- 3,372 new residents (30% increase)

| City of Sandpoint | Base Year 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Total Increase |
|--------------------------|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Permanent Hsg Pop [1] | 9,397 | 9,777 | 10,156 | 10,350 | 10,543 | 10,736 | 10,929 | 11,122 | 11,316 | 11,509 | 11,702 | 2,305 |
| Seasonal Hsg Pop [1] | 1,651 | 1,766 | 1,881 | 1,930 | 1,979 | 2,027 | 2,076 | 2,125 | 2,173 | 2,222 | 2,271 | 620 |
| Overnight-Visitors [2] | 365 | 604 | 699 | 713 | 728 | 742 | 756 | 770 | 784 | 798 | 812 | 447 |
| Total Peak Population | 11,413 | 12,147 | 12,737 | 12,993 | 13,249 | 13,505 | 13,761 | 14,017 | 14,273 | 14,529 | 14,785 | 3,372 |
| <i>Percent Increase</i> | | 6.43% | 4.86% | 2.01% | 1.97% | 1.93% | 1.90% | 1.86% | 1.83% | 1.79% | 1.76% | 30% |
| Housing Units [3] | | | | | | | | | | | | |
| Single Family | 3,136 | 3,173 | 3,211 | 3,248 | 3,285 | 3,323 | 3,360 | 3,398 | 3,435 | 3,472 | 3,510 | 374 |
| Multifamily [4] | 1,550 | 1,739 | 1,928 | 1,998 | 2,068 | 2,139 | 2,209 | 2,279 | 2,349 | 2,420 | 2,490 | 940 |
| Total Housing Units | 4,686 | 4,912 | 5,139 | 5,246 | 5,354 | 5,462 | 5,569 | 5,677 | 5,784 | 5,892 | 6,000 | 1,314 |

[1] Population projected based on housing growth and persons per household factors.

[2] Visitor growth is assumed to grow at the same rate as permanent and seasonal population, current hotel projects included in first two years of projections

[3] Housing projections are based on building permit trends provided by the City of Sandpoint Planning Department

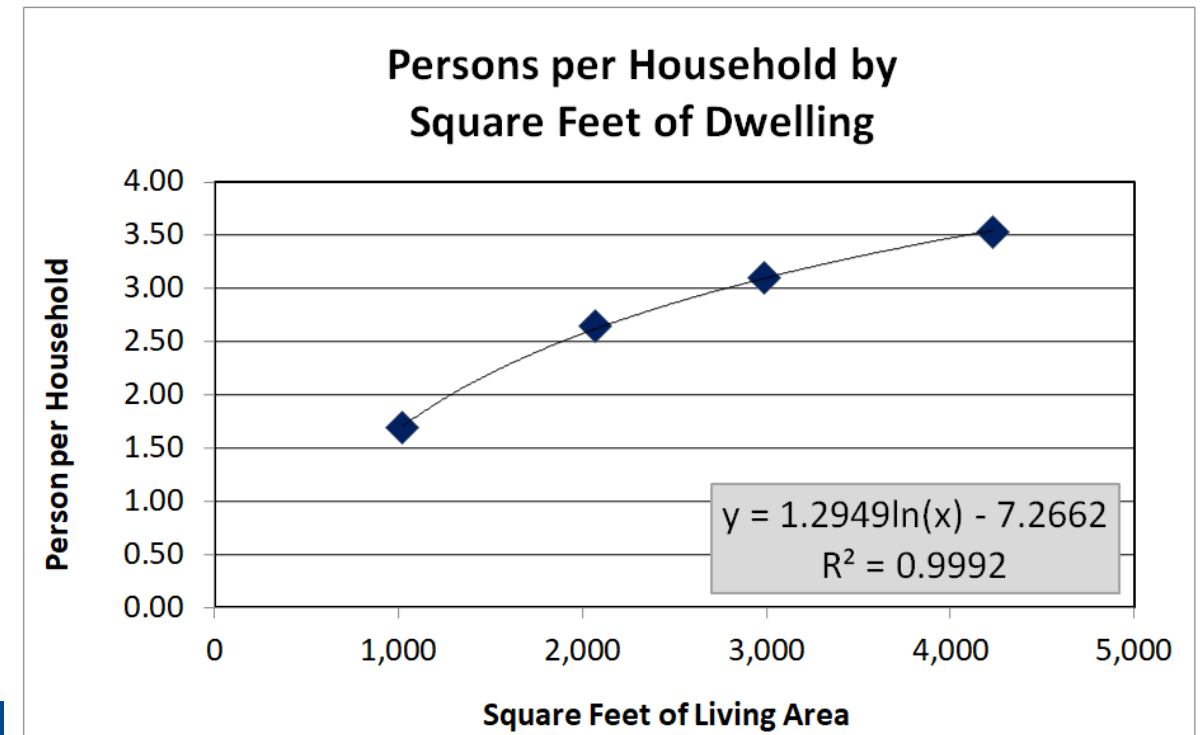
[4] Includes ADUs and tiny homes which are considered to be occupied during peak season

Persons by Household Size

- PPHH by sq ft in Sandpoint

| Actual Averages per Hsg Unit | | | Fitted-Curve Values | |
|------------------------------|-------------|---------|---------------------|---------|
| Bedrooms | Square Feet | Persons | Sq Ft Range | Persons |
| 0-2 | 1,021 | 1.69 | Under 1,000 | 1.31 |
| 3 | 2,070 | 2.65 | 1,000 to 1,999 | 2.20 |
| 4 | 2,986 | 3.10 | 2,000 to 2,999 | 2.87 |
| 5+ | 4,235 | 3.53 | 3,000 to 3,999 | 3.30 |
| | | | 4000 or more | 3.63 |

Average persons per household derived from 2022 ACS PUMS data (PUMA 100) that includes Sandpoint. Unit size for 0-2 bedroom is from the 2023 U.S. Census Bureau average for all multifamily units constructed in the Census West region. Unit size for all other bedrooms is from the 2023 U.S. Census Bureau average for single family units constructed in the Census Mountain division.



Nonresidential Development Projections

- Employment projections based on IDOL Northern Region long term employment growth rate by industry type
- Projected 17% increase in jobs and 17% increase in nonresidential sq ft

| Industry | Base Year 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Total Increase |
|--|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|
| Jobs [1] | | | | | | | | | | | | |
| Retail | 1,513 | 1,529 | 1,544 | 1,560 | 1,576 | 1,592 | 1,609 | 1,625 | 1,642 | 1,659 | 1,676 | 163 |
| Office | 2,303 | 2,328 | 2,354 | 2,379 | 2,406 | 2,432 | 2,458 | 2,485 | 2,513 | 2,540 | 2,568 | 265 |
| Industrial | 1,461 | 1,519 | 1,577 | 1,596 | 1,616 | 1,635 | 1,655 | 1,675 | 1,696 | 1,716 | 1,737 | 276 |
| Institutional | 2,379 | 2,440 | 2,502 | 2,555 | 2,609 | 2,665 | 2,721 | 2,779 | 2,839 | 2,899 | 2,961 | 582 |
| Total | 7,656 | 7,815 | 7,977 | 8,091 | 8,207 | 8,324 | 8,444 | 8,565 | 8,689 | 8,814 | 8,942 | 1,286 |
| Nonresidential Floor Area (1,000 sq. ft.) [2] | | | | | | | | | | | | |
| Retail | 713 | 720 | 727 | 735 | 742 | 750 | 758 | 766 | 773 | 781 | 789 | 77 |
| Office | 707 | 715 | 723 | 730 | 738 | 747 | 755 | 763 | 771 | 780 | 788 | 81 |
| Industrial | 931 | 967 | 1,005 | 1,017 | 1,029 | 1,042 | 1,054 | 1,067 | 1,080 | 1,093 | 1,106 | 176 |
| Institutional | 833 | 854 | 876 | 894 | 913 | 933 | 953 | 973 | 993 | 1,015 | 1,036 | 204 |
| Total | 3,183 | 3,256 | 3,330 | 3,376 | 3,423 | 3,471 | 3,519 | 3,569 | 3,618 | 3,669 | 3,721 | 538 |

[1] Source: ESRI Business Analyst; Idaho Department of Labor; TischlerBise analysis

[2] Source: Institute of Transportation Engineers, *Trip Generation* , 2021

Next Steps

1. Initial comments on methodologies, process
2. Incorporate input on growth projections
3. Finalize a draft report for committee review
4. Incorporate input on draft results
5. Motion on study moving forward to P&Z and City Council

Discussion

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