



City of Long Beach
Working Together to Serve

Memorandum

Date: April 3, 2007

To: *For* Gerald R. Miller, City Manager *R.H.*

From: *SF* Suzanne Frick, Director of Planning and Building

For: Mayor and Members of City Council

Subject: March 29, 2007 Public Safety and Development Impact Fee Community Meeting – Comments and Questions Summary

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Per Council request, the community meeting to discuss the Public Safety Impact fees and other development impact fees occurred on March 29, 2007, at The Grand, Long Beach. Approximately fifty (50) people attended. The Police and Fire Departments presented on the need for facilities to serve new development. A presentation was made by MuniFinancial, the City's consultant, on the methodology, amount of the fee, and the total fee burden that Long Beach places on development. In addition, other development impact fee increases under consideration (i.e., MTA – transportation, LBUSD – school fees, CLB – parks and recreation) were discussed. The meeting ended with questions and comments from the audience, which were compiled and summarized in the attached document.

SF:NM

Att: Comments and Q&A



CITY OF LONG BEACH

DEPARTMENT OF PLANNING AND BUILDING

333 W. Ocean Blvd. - Long Beach, CA 90802 - 562/570-6651 - FAX 562/570-6205

DEVELOPMENT IMPACT FEE COMMUNITY MEETING

Thursday, March 29, 2007

The Grand

4101 East Willow Street

Long Beach, CA 90815

PUBLIC COMMENTS, QUESTIONS AND ANSWERS

COMMENTS:

Applicants who have started the development process over six months ago and still have not received their entitlement did not anticipate these fees and the fees were not included in the proforma.

Currently there are approximately 4,476 new residential units in the permitting pipeline. As proposed, the impact fees would be collected at issuance of a certificate of occupancy. For most projects in the pipeline, the fee payment will occur 1-1/2 to 2 years from now. A significant number of development projects receive entitlements and then are sold to before construction is completed. For these projects the sales price would be adjusted to account for the new fees. For other projects in the pipeline, the Council could consider modifying the proposed ordinance to allow an extended payment schedule instead of lump sum payment at certificate of occupancy. Should the Council wish to implement this approach, staff will be prepared to offer ordinance language.

As a long time resident of Long Beach, we've discussed this issue in the past. Developers purchase land at a low price and then leave, leaving us to deal with the problems. Let developers pay the fees. I'm willing to pay my share to protect this city.

Development in the downtown area continues to increase and it's a critical time for developers. The city should consider creating incentives for developers. This is something the City can explore.

The fee burden analysis compared Long Beach to cities that are not urban cities. Regardless of urban or non-urban cities, the public safety analysis was based on call volume and geographic area, citywide averages were used in the study.

Developers would be willing to pay for increases in fees if we can be assured that the fees will result in expedited permitting process.

QUESTIONS:

Did the studies take into consideration rental properties vs. for sale properties?

The studies did not differentiate between rental or for sale residential units because the impact is the same regardless if the property is for sale or for rent.

What fees were included in the fee burden analysis?

In addition to plan check and permit fees, the following proposed development impact fees were included in the study: police facilities, fire facilities, and parks and recreation impact fees.

Will the fee apply to rehabilitated building and tenant improvements?

The Police and Fire Facilities Impact Fees will apply to any project adding new residential units and any non-residential project adding more than 3,000 square feet. The fees will not apply to alterations or expansions of existing residential buildings where no net new units are being added.

How much money is projected to be raised?

As an example, police facilities are expected to cost approximately \$29,000,000. New development's contribution to the police facilities is approximately \$22,000,000. The remaining \$7,000,000 will need to be raised by non-impact fee revenues.

What about the positive impacts new development have to the city, which improves areas that lacked economic development? Development brings in tax revenues and the city benefits by increased revenues from property and sales taxes from residents.

Yes, new development does have a positive impact. Tax revenues traditionally go toward services and operating costs; fee revenues go toward covering capital expenses. [Also, with regards to property tax increases in redevelopment areas, the tax increment returns to the Redevelopment Agency and not the City. When a Redevelopment Project Area is adopted, the current assessed values of the property within the project area are designated as the base year value. Tax increment comes from the increased assessed value of property, not from an increase in tax rate. Any increases in property value, as assessed because of change of ownership or new construction, will increase tax revenue generated by the property. This increase in tax revenue is the tax increment that goes to the Redevelopment Agency.]

Has a fee cap been considered for larger development projects?

As currently proposed, there is no maximum fee cap for larger projects. This is a policy consideration for the City Council to review.

Did the nexus study incorporate the impact new development has in increasing the tax revenue?

No. Whatever fiscal impact tax revenue has, it goes toward funding the demand development places on services. Development fees are needed to fund capital projects.

If fees developers pay are for development in the downtown area, how can we be assured that the fees fund the area in that development?

Public safety is a citywide system and cannot be divided into sub areas. Public safety services operate as network in order to maximize resources.

What was the basis for the fee comparison between the cities?

The methodology evaluated the total cost of all development fees for each city and the market value for each type of development for each city. Overall, the fee burden is relatively small. As stated in the presentation, depending on the land use, the fee burden with the addition of the public safety facilities impact fee ranges from 1.42% to 2.71%.

Why are the fees in the cities San Diego and Los Angeles lower than Long Beach?

The market value in each of the cities and the fee level are two factors that affect what the fee burden is in each of the comparison cities. Based on the scale, the differences are small.

How were the fees calculated?

This is described in the fee burden analysis. The analysis has been posted on the Department of Planning and Building's website and will be sent to those interested in reading more about how the fees were calculated.

Does the study show when the fees were implemented?

No, it does not.

Did the Redevelopment Agency give funds to the Sixth (6th) District for a new Fire and Police station?

No. The fire stations in the 6th District were built in the 1930s and 1960s.

Is there a way to tie the fee with expedited plan check?

The city recognizes that we need to improve the turnaround time for plan check. We are looking to increase staff resources in this area. We see each one of you as a partner to improve the permitting process and want to work with the development community to improve services.