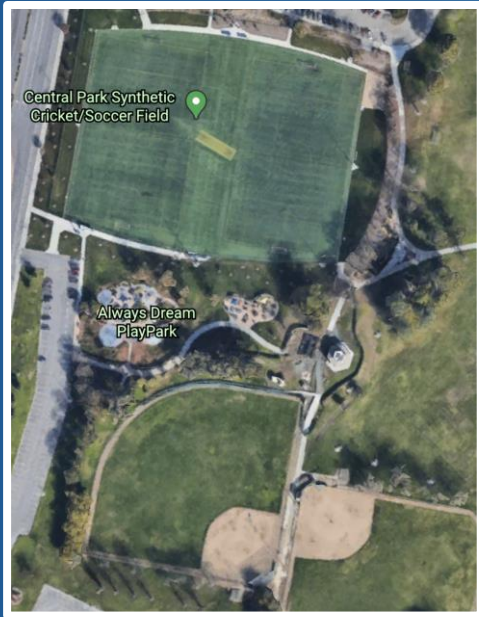


Development Impact Fee Update

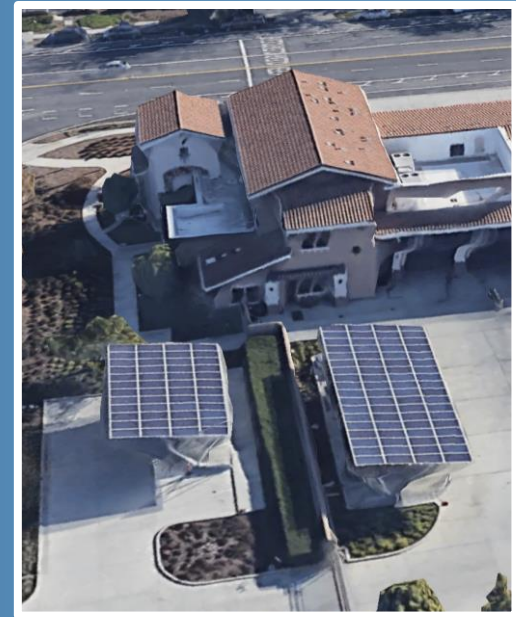


Parks

- Land Acquisition
- Facilities



Transportation



Civic Facilities

- Fire
- Other

City Council Meeting
June 1, 2021



Context

- Development Impact Fees are enabled by State law
- Fees are used to pay for the portion of new or expanded facilities necessary to serve development growth; Fees must have a proportional relationship (nexus) to existing infrastructure/service levels
- Fremont has five impacts fees: Parkland Acquisition, Park Facilities, Transportation (Traffic), Civic (Capital) Facilities, and Fire Facilities
- Requirements for annual reporting and 5-year update

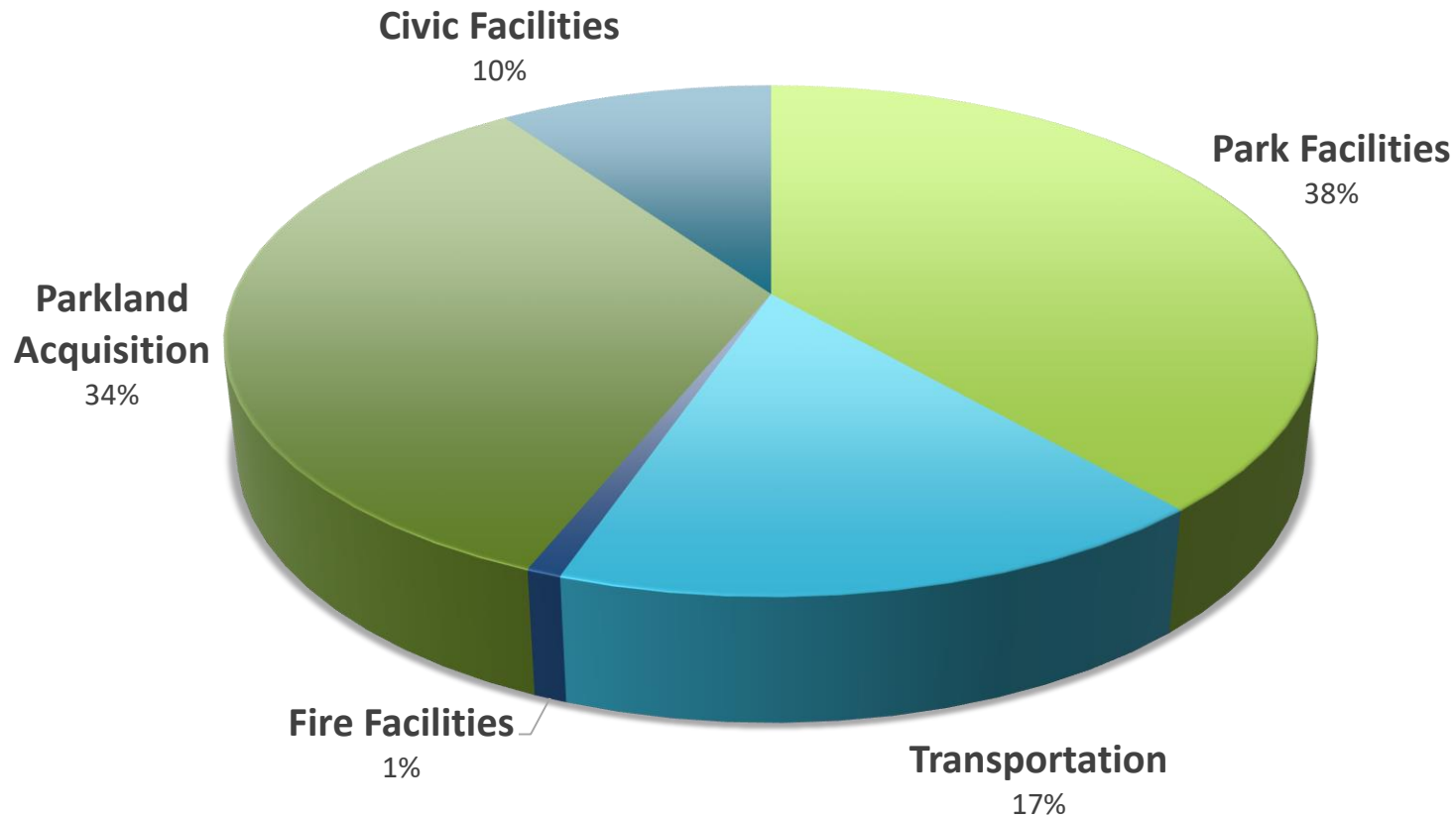
Fee Update Schedule

- **March 2:** Informational report to City Council; Initial input on policy topics
- **March 25:** Meeting with development stakeholders*
- **June 1:** Council Public Hearing and consideration of approval

* Meeting publicity included multiple e-mail notifications to Builder's Interest List; Development Digest article; and website posting.

Current Fee Revenue and Use

\$114 M* is total fee revenue in current 5-Year CIP (2019-2024)



* Total CIP value is \$242 M from all funding sources (47% is from development fees)

Proposed “Basic” Fee Adjustments

Staff Proposals on March 2, 2021

Inflationary Adjustment

- 4.48% inflationary increase based on “Construction Cost Index”

Update “Warehouse” Fee

- Account for increased traffic activity

Fee Adjustments

- Increase Fire Fees (per “Standards of Cover” report)
- Increase Civic Facilities Fees (to maximum nexus level)
- Decrease Parkland Acquisition Fees



Council Policy Direction Topics

Discussed at Council Meeting on March 2, 2021

1. Fee Reduction for Affordable Housing

- Supported by Council
- *Staff proposes 50% fee reduction for Park and Transportation fees; not Civic and Fire fees.*
 - *Saves about \$9M in affordable housing costs over next 5 years*
 - *Would reduce CIP for Parks (\$7M); Transportation (\$2M)*

2. Raise Fees for Parks and/or Transportation

- Not supported by Council

3. Explore/Pursue Alternative Funding Sources

- Supported by Council

Proposed Fee Change Summary

Partial List of Fees per Land Use Type (total for all fees combined)

Land Use	Current Fees (2020)	Proposed Changes* (August 2021)
Residential, 1 bedroom	\$19,879	\$20,768
Affordable Housing		\$11,481
Residential, 3 bedroom	\$33,046	\$34,527
Affordable Housing		\$19,349
Retail (KSF)	\$ 8,579	\$ 9,110
Office (KSF)	\$ 7,049	\$ 7,613
Manufacturing (KSF)	\$ 3,693	\$ 4,011
Warehouse (KSF)	\$ 2,305	\$ 4,336
Hotel/Motel (per room)	\$ 2,583	\$ 2,746

* Includes Affordable Housing reduction; 4.48% inflation increase; Warehouse adjustment; Fire Facilities increase; Civic Facilities increase to maximum nexus and Parkland Acquisition decrease

Input from Development Stakeholders

Summary of Virtual Meeting Held on March 25, 2021

Support for Affordable Housing Fee Reduction

Clarifying Question on “Warehouse” Fee

General Industry Interests

- Keep fees consistent

Recommendation

1. **Conduct Public Hearing**
2. **Find that Fee Adjustments are Exempt from CEQA Review**
3. **Adopt Resolution Approving Updated Development Impact Fees, Effective August 2, 2021**

(Includes fee update report and adjusted fees for Capital Facilities, Fire Facilities, Parkland Acquisition, Park Facilities, and Traffic Impact Fees)

Key Changes: 1) 50% fee reduction for **affordable housing** on Park and Traffic fees; 2) 4.48% construction **inflation** adjustment; 3) updated **Warehouse** fee; and 4) **other adjustments** to Parkland Acquisition fees (lower) and Capital/Fire Facility fees (higher)