

# Updated Parkland Dedication and Park Facilities Development Impact Fees

City Council  
July 21, 2025

# Background & Approach



# Background & Approach

- Comprehensively review development impact fees (DIF)
- Evaluate opportunities to **fund key infrastructure** & facilities that support future growth while ensuring **market feasibility** for development
- Housing Element calls for removal of governmental constraints

City of  
**San Leandro**  
2025 CITY COUNCIL PRIORITIES

**INFRASTRUCTURE**

**HOUSING &  
HOMELESSNESS**



## Defensible Fees

- **Mitigation Fee Act:** nexus between development impacts & fees
- **Recent legislation (e.g., AB 602):** square footage & service levels-based fees
- **Consultant:** NBS



## Maximize Revenue

- **Fund Infrastructure:** necessary to serve new development
- **Evaluate New Fees:** consider planned capital needs



## Market Feasibility

- **Financial Impact:** development feasibility by product type
- **Market Conditions:** assess today's market & compare to similar cities
- **Consultant:** Bay Area Economics



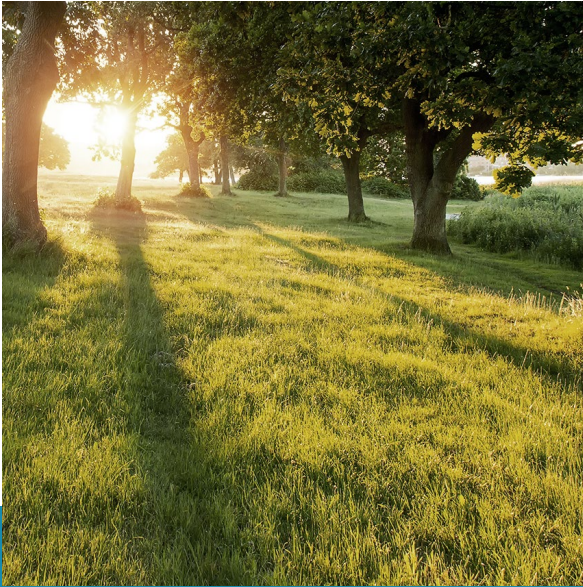
## Facilitate Development

- **Constraints:** Lessen or remove governmental constraints to new development per adopted 2023-2031 Housing Element

# Fee Categories



# Fee Categories



## RE-EVALUATED

### Park Development Fees

- Park Land Acquisition
- Park Improvement
- Quimby Act in-lieu (new)



## EVALUATED

- Community & Recreation Centers
- Library Facilities & Materials
- Fire Protection Facilities
- Police Facilities
- General Government Facilities



## NOT RE-EVALUATED

- DFSI\* (Streets & Signals)
- Interchange Fees
- Utility Undergrounding

*\*Pending Plan Updates*

# Methodology



# Methodology



## Nexus / Justification:

- Impact fees can only fund facilities necessary to serve new development
- Impact fees must be proportional to the impact created by a development project



## Development Impact Cost Allocation Approach:

- Cost of planned facilities divided by projected demand from new development
- Evaluated fees based on maintaining existing level of service, ensuring infrastructure expansion aligns proportionately with development demands
- Fees calculated so new development pay its fair share of an integrated system of facilities

# Market Feasibility



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# City of San Leandro

## Developer Underwriting Primer



2301 Rosecrans Avenue, Suite 4140  
El Segundo, CA 90266  
TEL: 424-297-1076 | [www.kosmont.com](http://www.kosmont.com)

July 21, 2025

## DEVELOPER UNDERWRITING – LOCAL MARKET FACTORS

Developers evaluate a multitude of factors when choosing where to develop including:

- Sufficient rent and sales values and positive growth trends
- Proof of absorption and performance of similar product type
- Competitive projects in pipeline (supply)
- Demographic patterns such as population and income growth (demand)
- Proximity to employment centers and schools
- Quality of physical infrastructure and neighborhood amenities
- Easy access and transportation options
- Resident readiness and appetite for new development



## DEVELOPER UNDERWRITING – CITY CONTROLLED FACTORS

Factors of interest to a developer that a City can influence or control include:

- Zoning – intensity, upzoning potential, land use flexibility, in-lieu options
- Environmental review – speed, cost sharing, programmatic CEQA review
- Plan review – development standards, code simplicity / clarity, speed
- Impact fees – minimal fees, deferral to project completion, exemptions, improvements in-lieu of fees
- Affordable housing – density bonus multipliers, financially feasible requirements
- Political environment – stability, consistency, transparency
- Built environment – quality, appeal of physical infrastructure and amenities

## DEVELOPER UNDERWRITING – MACRO MARKET FACTORS

Factors impacting development feasibility that are generally determined by the “market” include:

- Market valuation – capitalization rates, market rates of return for different assets, value of development upon completion
- Access to capital – lender / investor interest, lending ratios, risk tolerance
- Interest rates – cost of borrowing money during construction and upon completion
- Inflation – cost of construction materials and construction labor, insurance costs
- Revenue growth – rent growth, sales price growth



# Market Feasibility



## Feasibility Analysis

- Analyzed 10 development prototypes
- Assessed development feasibility in current market conditions
- Utilized pro forma models to project development costs, income, & net residual land values for different prototypes
- Residual land value — projected value after covering all development costs



## Development Types

- **Non-Residential:** Office, retail, hotel, industrial/warehouse, & medical clinic
- **Residential:** Multifamily rentals, senior living, for-sale townhomes, accessory dwelling units (ADUs), & 100% affordable multifamily rental units

# Market Feasibility



## Residential

- **For-Sale Townhomes:** Feasible under favorable conditions
- **Market-Rate Multifamily Rentals:** Feasibility challenges due to high development costs, stagnant rental rates, & rising financing costs
- **Affordable Multifamily Rentals:** Strong feasibility challenges with or without impact fees due to significant financing gaps typical in affordable housing



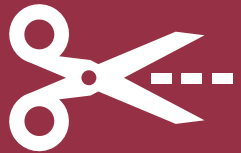
- **Office, Retail, Hotel, & Medical Office Developments:** face financial feasibility challenges in current market even with no City impact fees or fee increase
- **Industrial developments:** marginally feasible in current market



New development may still occur if lower-than-typical land or construction costs (e.g. non-residential development projects with identified tenants)



# Market Feasibility - Recommendation



**Residential Fee Caps:** Limit residential fees to 7–10% of total development costs to remain competitive with regional markets

- Current development fees (impact, user, regulatory) range from ~8-11% of total development costs
- Evaluated residential impact fees could add approximately 3–4.9% to total development costs for evaluated prototypes, which could impact development feasibility

# Context and Considerations

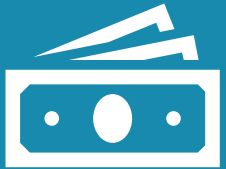


# Creation of New Parks



## Dedication by Subdividing Property Owners

- When land is subdivided for residential development, the developer is required to:
  - Dedicate a portion of the property for public parkland or
  - Pay in-lieu fees the City can use to acquire or improve parks elsewhere



## Acquisition by the City

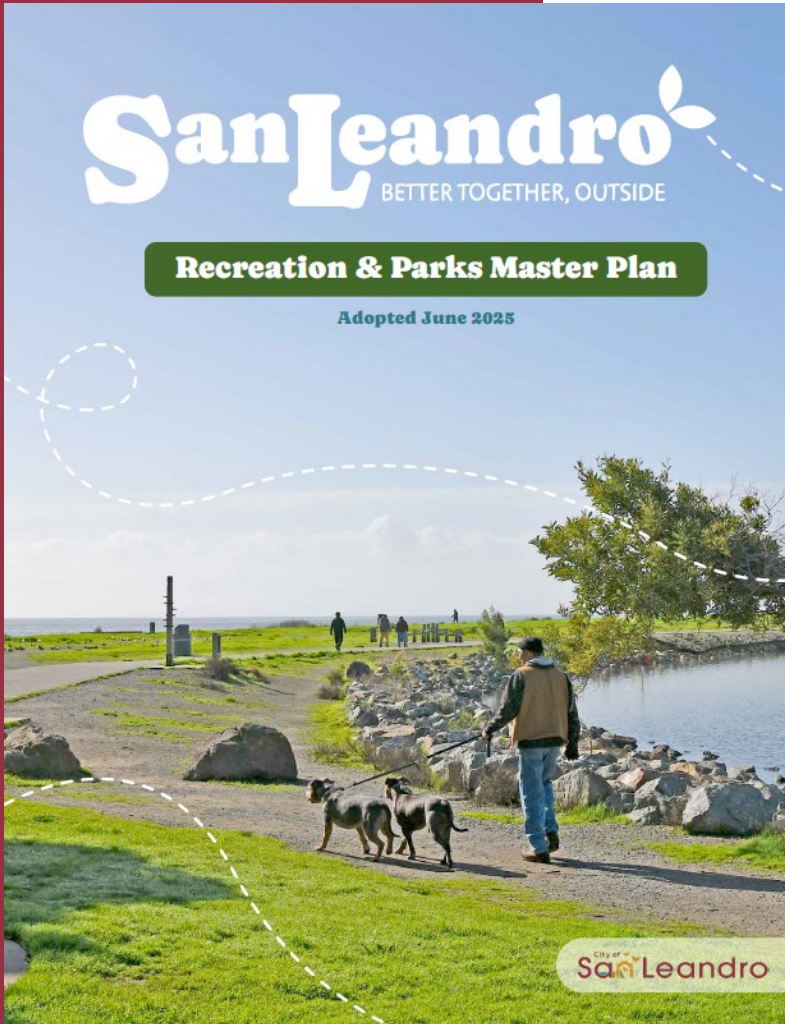
- The City may purchase land directly to create new parks or expand existing ones.
- Funding sources can include:
  - Development Impact Fees
  - State and federal grants
  - Local bond measures or general funds



## Repurposing Other Public or Surplus Land

- The City can convert surplus municipal land or other public agency property into parks.

# Recreation & Parks Master Plan (2025)

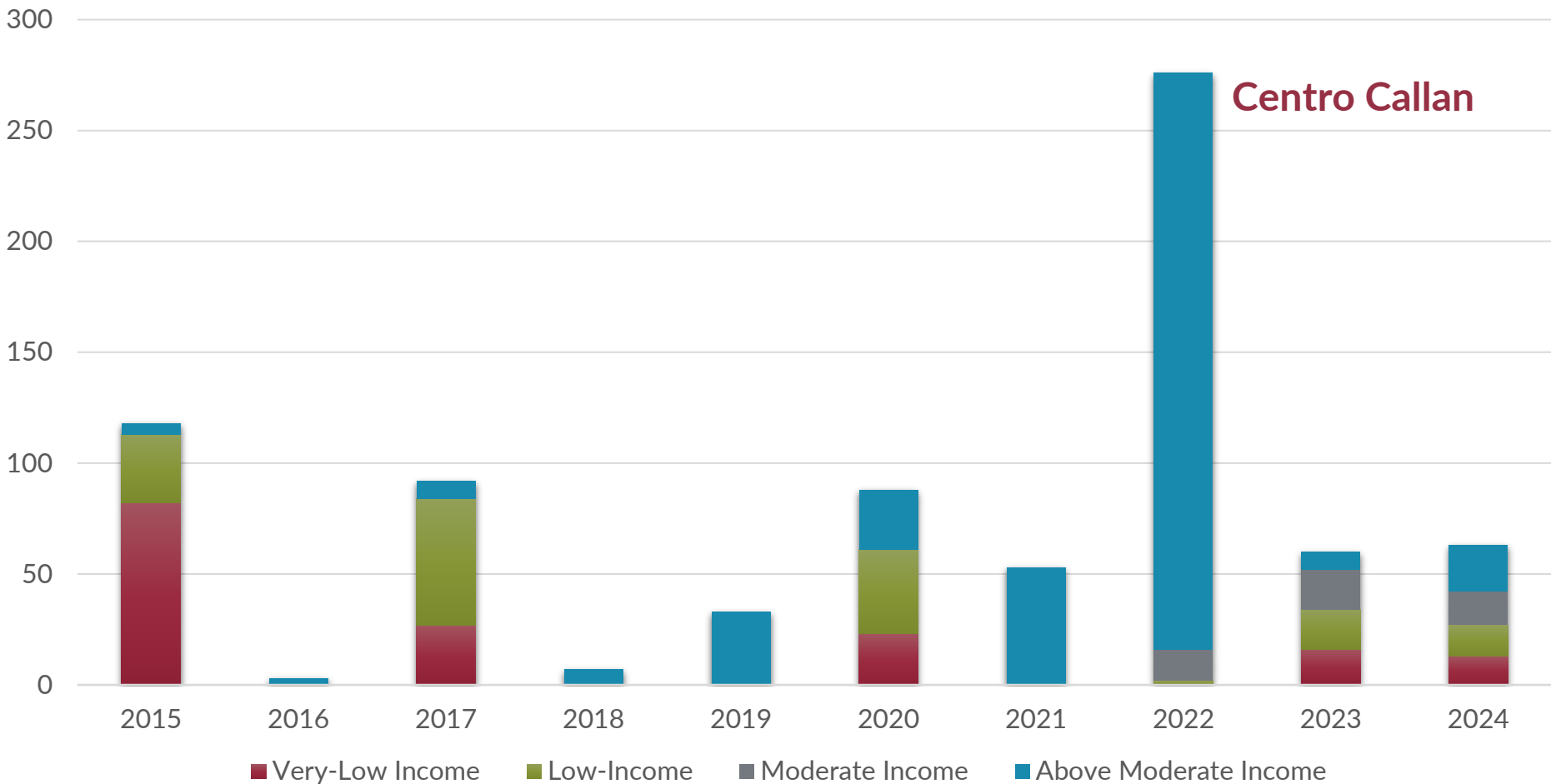


- Includes key recommendations to:
  - Fund and construct high-priority amenities to existing parks, focusing on the most requested or underserved features.
  - Fund and implement Park-by-Park improvements to address specific needs and deficiencies across the park system.
  - Create a diverse funding strategy for the capital improvements identified in the plan.
  - Acquire parkland that meaningfully enhances park experiences and improves accessibility for all residents.



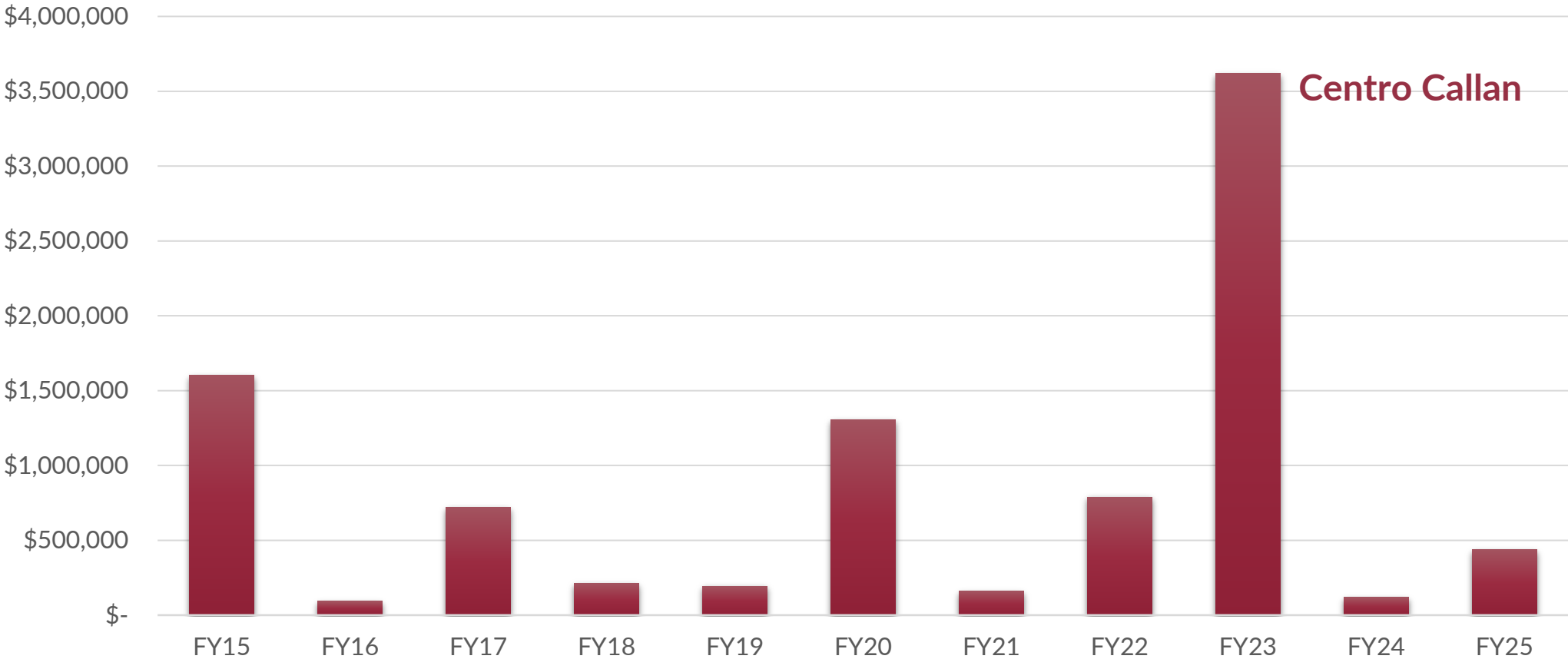
# Development Trends

Units Constructed  
2015-2025



# Park In-Lieu Fee Revenue Trends

Park In-Lieu Fee Revenue  
FY15 – FY25



# Considerations

Too-high impact fees further reduce development feasibility  
Reduced development = fewer fees/revenue



Cannot accurately  
predict level of new  
development or  
Impact Fee revenue



Impact Fees only for new  
facilities or major capital  
projects – not ongoing  
maintenance



One- time, highly  
regulated revenue  
vs.  
ongoing revenue from  
new development



# Recommendations



# Recommendations

- Balance infrastructure funding with market feasibility
- Right-size parkland dedication requirements and Park Facilities Development Impact Fees
  - Market conditions not supportive of new DIFs
  - Prioritize improvements to existing parks (75%) vs. parkland acquisition (25%)
- Create new Fee Waiver Program
  - Affordable Housing
  - ADUs
- Consider new Public Art Program

Re-evaluate fees as market conditions change



# Current and Proposed Park Fees

## Current

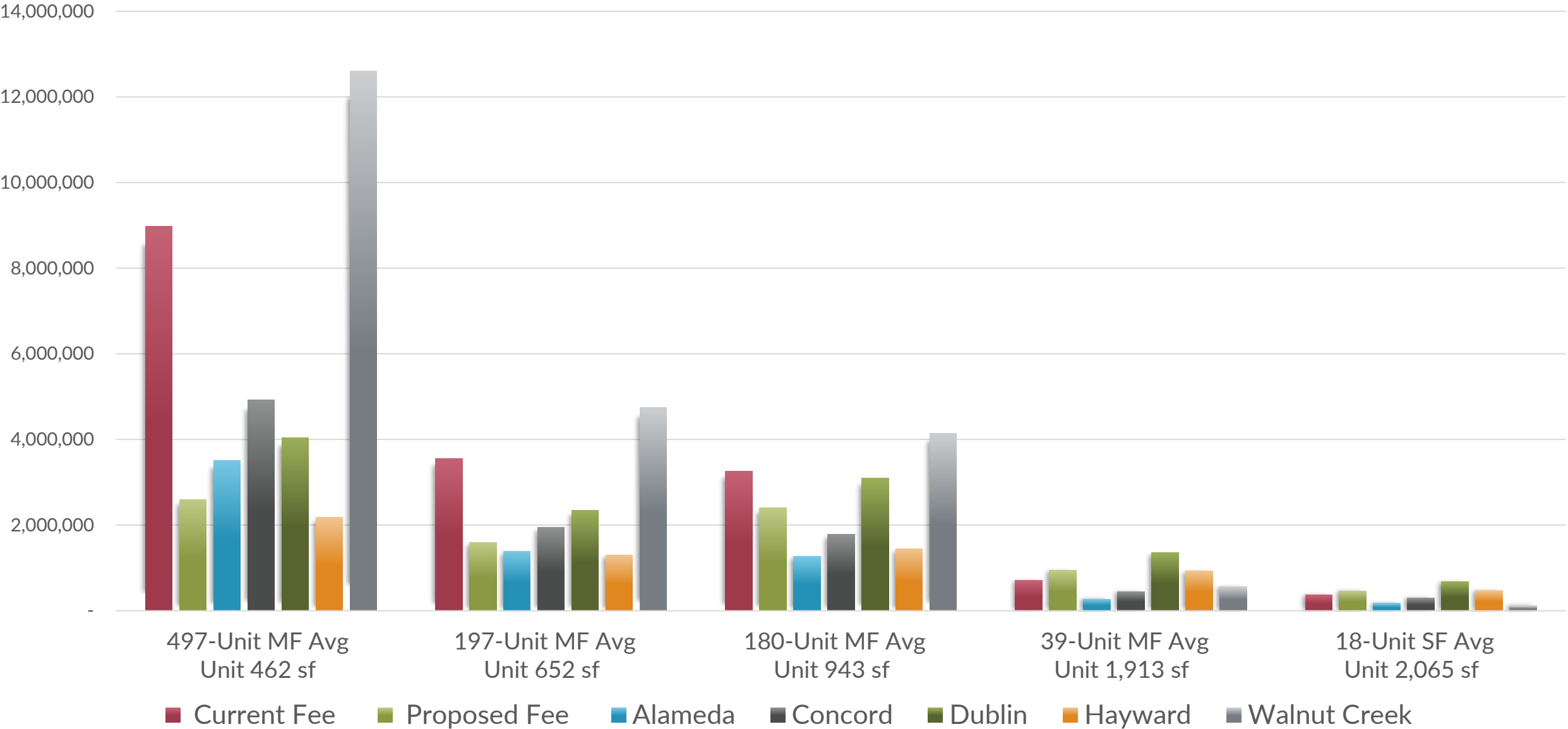
Unit Type	Park Land Acquisition	Park Improvements	Total
Single-Family	17,670	3,009	20,679
Multi-Family	15,444	2,630	18,074
Special Unit	7,723	1,315	9,038
ADU $\geq$ 750 sf	6,693	1,140	7,833

## Proposed

Unit Size	Park Land Acquisition	Park Improvements	Total
<550 sf	1,513	4,539	6,052
550-750 sf	1,891	5,674	7,565
751 - 1,150 sf	2,900	8,700	11,600
1,151-1,650 sf	4,035	12,105	16,140
1,651-1,950 sf	5,170	15,509	20,679
>1,950 sf	6,431	19,292	25,723



# Sample Project Comparison



# Proposed Fee Waiver Program

## Affordable Housing Developments

- **Current Fees:**
  - **Multi-Unit:** \$18,074 / unit
  - **Single-Unit Fee:** \$20,679 / unit
- **Proposed Fee Waiver:**
  - **Non-Profit Affordable Development:** 100% of Park Impact Fees
  - **For-Profit Affordable Development or Inclusionary Units:** 50% of Park Impact Fees

## Accessory Dwelling Units (ADUs)

- **Current Fees**
  - **<750 sf:** No Fees per State Law
  - **≥750 sf:** Fees proportional to main unit
- **Proposed Fee Waiver:** 100% of Park Impact Fees and DFSI (Streets & Signals)



# Fee Waiver Program

- **Feasibility Challenges:** Substantial financing gaps for affordable housing in current market, even without impact fees.
- **Recommendations:** BAE recommends exploring impact fee waiver program for affordable housing, which could help reduce financing gaps and make projects more feasible.

01

## Hayward

50-100% park impact fee waivers reductions for qualified development types of and 100% waivers for Traffic Impacts

02

## Pleasanton

100% waivers of affordable housing fee, transportation development fee, and waivers on a case-by-case basis

03

## San Ramon

Up to 100% waiver on all fees where projects are at or below 80% of area median income, with a 55-year restriction

04

## Redwood City

Tiered waiver reductions for qualified development types of park impact fees and fee reductions of Traffic Impact Fees varying on location

05

## San Jose

100% waivers on certain taxes, 50% reduction on the Park Impact Fee



# Public Art Program

- Public Art Master Plan calls for establishing an art obligation for private development projects
- Opportunity to establish a new art requirement without negatively affecting development feasibility

Requirement set as a percent of construction value – typically 1%

## *Art In Lieu Fee*

*Public Art Program could include optional in-lieu fee that could be used to fund art in public locations*

Program details would be developed after receiving Council direction



# Finance Committee Review

On May 28, 2015, the Finance Committee:

- Reviewed the proposed fee updates and fee waiver program and recommended advancing the discussion to the full Council;
- Requested additional context on market considerations; and
- Expressed support for creating a public art requirement for new development projects.



# Recommendation

Staff recommends the Council conduct a public hearing, receive public comment, and adopt:

- An Ordinance amending SLMC Section 7-1-815 to update the City's parkland dedication requirements for residential subdivisions;
- Adopt a Resolution amending Administrative Code Title 8, Chapter 8 to update the Park Land Acquisition and Park Improvement Fees, establish fee waivers for ADUs and affordable housing units, and approve the Park Development Impact Fee Study and Parks Capital Improvement Plan; and
- A Resolution exempting ADUs from the Development Fees for Street Improvements

Staff also seeks Council direction on preparation of a Public Art requirement for new development