



CITY OF SAN LEANDRO PARK IMPACT FEE STUDY

A Report to the
CITY OF SAN LEANDRO

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January 2000

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CITY OF SAN LEANDRO PARK IMPACT FEE STUDY

INTRODUCTION

The City of San Leandro (City) provides significant recreational opportunities for its citizens. City recreational facilities include 89 acres of traditionally developed parkland and 182 acres of golf courses. The City provides additional recreational opportunities through several parks officially leased from other entities but maintained and operated by the City, and through several special use facilities owned and/or operated by the City.

The calculations in this report assume that an additional 86.5 acres of developed parkland will be provided through Joint Use Agreements with the San Leandro and San Lorenzo Unified School District. The agreements would enable use of School District park and recreational facilities by San Leandro citizens during non-school hours.

Much of the park and recreation inventory and service level assessment is based on the *City of San Leandro Parks Needs Assessment* (6/3/98). Deviations from the *Parks Needs Assessment* for the purposes of impact fee calculation and documentation are noted.

PURPOSE OF THE IMPACT FEE STUDY

This report provides the documentation required for the imposition of a development impact fee to pay for park and recreation facilities. Reasons for implementing a park and recreation facilities impact fee include the following:

- ♦ The Quimby exactions, as currently implemented, do not cover the cost of providing park and recreation facilities at the current standard.
- ♦ The City is reassessing, and may increase, the current park and recreation facilities standard.
- ♦ An increasing share of residential development is outside of subdivisions and, therefore, is currently not subject to the Quimby exaction.
- ♦ As implemented by the City, the Quimby exactions apply only to land dedication and do not include a component for park development.

The fee calculations in this report are conservative. They are based on the City's existing standards for parkland and the current estimated land value of that parkland, rather than an idealized goal for parkland acquisition and development. For Farrelly Pool and the senior and

recreation centers, only the land area (and not the building area) was included. Several inventory reductions were made to reflect City-owned parkland not currently being used for recreational purposes (e.g., portions of Marina Park leased long-term to several restaurants) and for the reduced value of land with unusual characteristics (e.g., parkland on capped landfill potentially subject to building constraints).

EXISTING QUIMBY ACT EXACTION FOR PARKLAND ACQUISITION

The City has been imposing a parkland dedication and/or in-lieu fee for park and recreational facilities since 1984. This fee is authorized under the Quimby Act (*California Government Code* Section 66477), which applies only to development in residential subdivisions. The Act allows cities and counties to require parkland dedication (and/or in-lieu fees) of between 3.0 and 5.0 acres of parkland per 1,000 residents of a new subdivision.

San Leandro's existing Quimby parkland dedication and fee requirements are codified in Sections 7-1-805 through 7-1-895 of the *San Leandro Municipal Code*. The 1984 calculations for the Quimby parkland dedication and/or in-lieu fee are consistent with the parkland standard of 3.0 acres per 1,000 residents identified in the current version of the City of San Leandro *General Plan*. The in-lieu fee is further restricted to an upper limit of 0.75 percent of total sale price of (single family) residential properties or condominium units.

For many years, the City found the existing Quimby parkland dedication and fee program to be adequate. However, in recent years, the funds collected under this program have been insufficient to maintain the standard 3.0 park acres per 1,000 population. Furthermore, assessment of all park and recreation facilities owned by the City of San Leandro shows that this 3.0 acres/1,000 standard actually underestimates the park facility level of service provided by the City.¹

Finally, there will be little growth in the next 15 to 20 years in new subdivisions. Most additional development will occur as the result of "infill" development (development occurring on relatively small remaining individual vacant parcels) or on parcels previously used for other land uses (e.g., conversion of industrial parcels to residential uses). This development is not subject to the Quimby parkland dedication and/or in-lieu fee requirements.

¹ The City is currently updating its *General Plan* and will probably re-examine the adopted standard for parkland as part of the update process.

FINDINGS REQUIRED BY GOVERNMENT CODE 66001

This section presents the five findings necessary to comply with *California Government Code* 66001 *et seq.*, which sets out documentation and administration requirements for impact fee programs imposed by all public agencies. Note that impact fees are distinct from Quimby Act parkland dedications and/or in-lieu fees, which are regulated by the Subdivision Map Act (*California Government Code* Section 66477).

Purpose of the Park and Recreation Facilities Impact Fee

The purpose of the park and recreation facilities impact fee is to provide funding for park and recreation facilities required to serve new development.

Use of the Park and Recreation Facilities Impact Fee

Proceeds from the park and recreation facilities impact fee would be used by the City of San Leandro to provide park and recreation facilities needed to serve new development, including:

- ♦ New park land acquisition (depending on land availability);
- ♦ Construction of new recreational facilities;
- ♦ Improvements to park facilities that increase the existing service standard or provide new recreational opportunities; and
- ♦ Development of school park sites under Joint Use Facilities Agreements.

Relationship Between the Use of the Park and Recreation Facilities Impact Fee and the Type of New Development

Residential land uses bring in new residents, who are the primary users of park and recreation facilities. It is generally and reasonably assumed that residential development generates the majority of demand on park and recreational facilities.²

Relationship Between the Need for New Park and Recreation Facilities and the Type of New Development

The City of San Leandro currently provides park and recreational facilities at a standard of 4.86 acres of developed parkland per 1,000 residents (including golf course facilities and School District joint use properties). New development generates the need for additional park and recreation facilities by increasing the demand on existing facilities and lowering this service standard (in the absence of facility expansion). The City will need to acquire and construct

² In specific instances, usually validated by user survey or other study data, some use of park and recreation facilities is also attributed to employees associated with nonresidential development.

additional park and recreation facilities to maintain acceptable facilities standards and accommodate new residential development.

**Relationship Between the Amount of Park and Recreation
Facilities Fee Payment and the Cost of Park and Recreation Facilities**

The fees calculated in this report are based on the estimated cost of expanding current park and recreation facilities to serve the projected increase in new residents. By using average occupant densities (persons per dwelling unit), the total cost of facilities required to serve new development is equitably allocated to each new housing unit through the fee.

The fee per housing unit is no more than what will be needed to maintain existing levels of service. New development is not required to provide facilities at a level above that which is provided to existing development. The City's existing park and recreation facilities (including parks, golf course land, and other specialty recreational facilities) were inventoried. Replacement values were assigned to the facilities. The estimated total value of the facilities divided by the existing service population was used to determine a per capita level of service. The impact fee per housing unit is based on this per capita level of service.

DEVELOPMENT PROJECTIONS

Use of development projections from the Association of Bay Area Government's (ABAG) *Projections '98* is unsatisfactory in the particular instance of the City of San Leandro. For example, *Projections '98* estimates that San Leandro will have 75,500 residents in 2020. But according to the California Department of Finance's current estimates, the City already has about 75,400 residents. According to the City of San Leandro Planning Department and its *General Plan* consultant, the City expects growth of about 100 housing units per year for the next 20 years.³ This corresponds with a substantially higher rate of growth than ABAG's projections.

Reasons cited for this discrepancy include a greater rate of build-out than anticipated for certain residential projects (e.g., the Roberts Landing development) and the conversion of industrial and commercial parcels to residential development projects.⁴ City staff believe that the somewhat unexpected upsurge of the residential market in the inner Bay Area, which is related to the continuing strength of the economy and the scarcity of housing, is likely to continue (see Table 1).

³ July 1999 conversation with Barry Miller, consultant to the City of San Leandro on its *General Plan Update*.

⁴ Ibid.

TABLE 1
CITY OF SAN LEANDRO
ANTICIPATED RESIDENTIAL DEVELOPMENT AND ESTIMATED
INCREASE IN RESIDENT POPULATION: 2000-2020

| Annual Increase in Residential Units ^a | Total Unit Increase 2000-2020 | Average Persons per Unit (2020) ^b | Resident Pop. Increase 2000-2020 |
|--|-------------------------------|--|----------------------------------|
| 100 | 2,000 | 2.35 | 4,700 |
| ^a Barry Miller, consultant, <i>General Plan Update</i> . | | | |
| ^b Based on 1999 California Department of Finance figures and ABAG projected trend in household size. | | | |
| Sources: San Leandro <i>General Plan Update</i> (in progress); ABAG <i>Projections '98</i> ; California Department of Finance <i>Report E-5 1999</i> ; Hausrath Economics Group. | | | |

EXISTING FACILITIES

The City of San Leandro owns and/or operates 22 parks and special use areas located on 97.8 acres of land.⁵ Using criteria from the *Parks Needs Assessment*, there are four categories of parks in the City:

- ♦ Community (36.5 acres): Large parks containing a wide range of facilities, serving several neighborhoods or the entire community.
- ♦ Neighborhood (33.6 acres): Medium-sized parks serving the informal recreational needs primarily of a single neighborhood.
- ♦ Mini (2.5 acres): Small tot lots or passive sitting areas that serve the daily recreational needs of a small area.
- ♦ Special Use (25.2 acres): Areas with recreational facilities that serve a specific need or user group.

In addition to these parks, the City owns 182.42 acres at two municipal golf courses. These acres are currently leased to concessionaires who maintain and operate them.

⁵ For the purpose of impact fee analysis, this report excludes from the inventory long-term lease land at Marina Park and several private holdings. The Pacific Athletic Complex and the San Leandro Ball Park, two special use areas owned and operated by the City, are added to the *Parks Needs Assessment* inventory. Note that about 19 acres of parkland owned by EBMUD or the School Districts, but operated as parkland by the City, are included in the total.

As previously noted, this documentation assumes that the City of San Leandro will enter into Joint Facility Use Agreements with the San Leandro and San Lorenzo Unified School Districts for joint use of school playfields and other recreational facilities. This will increase the availability of parkland, particularly for certain under-served neighborhoods. Although the City would prefer to purchase and develop new parks in these areas, it is constrained by the absence of suitable sites. The availability of school sites during non-school hours adds another 86.5 acres of active parkland.

The total inventory of park and recreational facilities is shown in Table 2.

The City of San Leandro *General Plan* recognizes the need for continued and expanded availability of park and recreational facilities. This sentiment is strongly echoed in the *Parks Needs Assessment*. Hence, the City anticipates the need for both the acquisition of new land and development of new facilities (when possible), and the expansion and intensification of existing facilities when additional land is not available for acquisition.

The City is also planning to improve its parks and recreational facilities for its existing residential population. These improvements are not included in the following calculations of existing facilities standards, nor in the calculations of the proposed fee.

EXISTING FACILITY STANDARDS AND VALUATION OF EXISTING SITES AND FACILITIES

Park planning is often guided by the Quimby Act, which sets forth legislated parkland acreage standards to be applied to new development under subdivision requirements. The Quimby Act does not explicitly address the improvement (landscaping and facilitation) of this land for use by residents. In this report, existing standards for total parkland acreage, along with the estimated value of both land and improvements (*i.e.*, structures, landscaping, and so on), are used to calculate an impact fee that takes account of both acquisition and development costs for parkland. The methodology follows *Government Code* Section 66000 *et seq.*, as noted above.

TABLE 2
CITY OF SAN LEANDRO
PARK AND RECREATIONAL FACILITIES

| Facility Name | Category | Acres |
|--|--------------|---------------|
| Chabot | Community | 10.50 |
| Marina | Community | 8.00* |
| Thrasher | Community | 4.70 |
| Washington Manor | Community | 13.30 |
| Bonaire | Neighborhood | 5.10 |
| Cherry Grove | Neighborhood | 4.10 |
| Floresta | Neighborhood | 1.70 |
| Halcyon | Neighborhood | 4.70 |
| McCartney | Neighborhood | 1.70 |
| Memorial | Neighborhood | 2.70 |
| Siempre Verde | Neighborhood | 1.80 |
| Stenzel | Neighborhood | 9.40 |
| Toyon | Neighborhood | 2.40 |
| Grover Cleveland | Mini | 1.10 |
| Root | Mini | 0.80 |
| Victoria | Mini | 0.30 |
| Warden | Mini | 0.30 |
| Farrelly Pool | Special | 0.50 |
| Heath | Special | 0.70 |
| Marina Community Center | Special | 2.80 |
| Pacific Athletic Complex | Special | 15.00 |
| San Leandro | Special | 6.20 |
| Subtotal | | 97.80 |
| Golf Courses | | 182.42 |
| School Districts' Playgrounds | | 86.50 |
| TOTAL | | 366.72 |
| *Excludes 17 acres of land leased long-term to commercial uses. | | |
| Sources: City of San Leandro <i>Parks Needs Assessment</i> (June 1998); City of San Leandro Public Works Department; Hausrath Economics Group. | | |

Total Acreage

The calculation of the City's existing parks acreage standard of 4.86 acres per 1,000 residents is shown in Table 3. The standard is based on an estimated current resident population of 75,400.⁶

| TABLE 3 CITY OF SAN LEANDRO EXISTING PARK STANDARDS (Acres per 1,000 population) | | |
|---|------------------------------|--|
| Existing Acres | Existing Resident Population | Existing Standard (Acres per 1,000 pop.) |
| 366.72 | 75,400 | 4.86 |
| Sources: Table 2; California State Department of Finance; Hausrath Economics Group. | | |

Land Value

An estimated cost of \$450,000 per acre is used for most existing community, neighborhood, mini park, and special recreational facility parkland. A cost of \$450,000 per acre is also assigned to the 86.5 acres of school facilities anticipated to be covered by the Joint Facility Use Agreements and included above in the calculated standard. Two notable exceptions apply. The City's two golf courses and Marina Park (eight acres) are valued differently. These holdings are located on landfill near the San Francisco Bay. Because this land (190.42 acres) would likely be subject to significant seismic and other building constraints, its value is estimated at \$30,000 per acre. Based on these estimates, the weighted average value of all acres of existing City of San Leandro parkland is \$231,914 per acre.

Improvement Value

An average cost of \$300,000 per acre is used as a base for developed parkland in an urban environment at the approximate level of recreational development represented by San Leandro City parks and recreational facilities.⁷ Based on the *Parks Needs Assessment*, which identified several parks as being in need of "significant renovation," the representative improvement cost

⁶ California State Department of Finance *Report E-5*, 1999. Population on 1/1/99 estimated at 75,376; rounded to nearest 100.

⁷ Based on N. Gottiparthi's (Senior Engineer, City of San Leandro) knowledge of costs and comparable level of development of parks in the City of San Leandro.

per acre was adjusted downward to approximately 76 percent of the base development cost per acre estimate.

The resulting value of park development, \$227,700 per acre, is applied to the non-golf course land to estimate the City's existing investment in parkland development per acre. The \$227,700 per acre figure is also applied to the 86.5 acres of Joint Use Agreement School District facilities. Development at the golf courses is valued at \$0, because the costs of redevelopment of the golf courses were incurred by the golf course concessionaires, not the City.

The weighted average value per acre of existing City of San Leandro park improvements, after adjusting for the condition of existing parks and excluding golf course development, is \$114,434 per acre. Special use facilities such as Farrelly Pool are not valued separately because it is assumed that they are not likely to be expanded.

Total Cost Per Acre

The land and improvement values above are combined to yield a total acquisition and development value of \$346,348 per acre of parkland.

FEE CALCULATION

As shown in Table 3, the existing standard for developed parkland is 4.86 acres per 1,000 population. Consequently, the estimated value of park and recreation facilities is \$1,684.50 per person (equal to the total cost per acre of \$346,348 multiplied by 4.86 acres per 1,000 population).

This per capita cost of expansion is translated to a per-unit fee by multiplying by housing unit occupancy factors. The most current data on housing unit occupancy is provided by the California Department of Finance (DOF). *DOF Report E-5* (1999) estimates a City of San Leandro household population of 75,052 in 30,829 housing units in January 1999, for 2.43 residents per housing unit.

This estimate is further adjusted to reflect different occupancy factors for single family and multifamily housing units. Using 1990 Census data for owner-occupied and renter-occupied units as proxies for single family and multifamily units respectively, a single family-occupancy to multifamily-occupancy ratio of 1.26 can be estimated. Holding this ratio constant, and controlling to the Department of Finance 1999 data, it is estimated that there are 2.62 persons per single family unit and 2.09 persons per multifamily unit in 1999. Finally, to calculate the 2020 per-unit occupancy factors, the 1999 factors are multiplied by 0.976 to reflect the *ABAG Projections '98* estimate that average household size in San Leandro will decline 3.3 percent

during this period. The resulting 2020 occupancy factors are 2.02 persons per multifamily unit and 2.53 persons per single family unit.

The per capita value of existing parkland is multiplied by these occupancy factors to calculate the per-unit fees, yielding \$3,400 per multifamily unit and \$4,259 per single family unit (in 1998 dollars). Table 4 summarizes the calculations.

| TABLE 4 CITY OF SAN LEANDRO PARK IMPACT FEE CALCULATIONS <i>(1998 dollars)</i> | | | | | | |
|--|----------------------------------|------------------|----------------------------|--------------------------|----------------------------|----------------------------|
| Park Facilities Value per Acre | Existing Standard per 1,000 Pop. | Value per Person | Persons per MF Unit (2020) | Fee per Multifamily Unit | Persons per SF Unit (2020) | Fee per Single Family Unit |
| \$346,348 | 4.86 ac/1,000 | \$1,683.25 | 2.02 | \$3,400 | 2.53 | \$4,259 |
| Note: MF = multifamily SF = single family Sources: Table 3; ABAG Projections '98; Hausrath Economics Group. | | | | | | |

As previously noted, these fees are conservatively estimated, because they are based on the average per capita value of the City's existing developed parkland. The value of the City's inventory of parkland and parkland development has been carefully discounted to reflect existing conditions. An alternative method of calculating these fees would be to assign the full value of needed additional parkland at the estimated value of residential land (\$450,000 per acre) and unadjusted base development costs of \$300,000 per acre. This method would result in a significantly higher fee. The more conservative approach used here eliminates the possibility that the City would be charging new development for facilities at a higher standard than it currently provides existing residents.

Credit for Parkland Dedication

The intent of the fee program is to provide sufficient funds to acquire parkland and construct improvements. However, developers may sometimes be able to deed portions of development sites to the City according to the park standards, saving acquisition costs for the City. It can be to the City's advantage to retain the option of receiving parkland dedications in-lieu of full fee

payments. In that case, the amount of park impact fees paid would be less than the total fee amount to the extent that parkland is dedicated.

As examples, Table 5 summarizes appropriate park fees per multifamily and single family unit, with and without full land dedication. Note that these fees are based on the current City service standard (4.86 acres per 1,000 population), which is higher than the City's current Quimby Act standard, thereby including and exceeding that requirement. As a result, the park impact fee developed herein would replace the current Quimby Act requirements; the fee would not be collected in addition to those requirements.

| TABLE 5 CITY OF SAN LEANDRO IMPACT FEES PER NEW RESIDENTIAL UNIT <i>(1998 dollars)</i> | | |
|--|-----------------------|-----------------------|
| Residential Unit Type | Impact Fee | |
| | With Land Dedication* | With Full Fee Payment |
| Multifamily | \$1,123 | \$3,400 |
| Single Family | \$1,407 | \$4,259 |
| * Assumes 4.86 acres per 1,000 population are dedicated. | | |
| Sources: Table 4; Hausrath Economics Group. | | |

Definitions

The term "single family unit" refers to detached housing, townhouses, and duplexes. The term "multifamily unit" refers to condominium units and apartments. These definitions are consistent with the categories in the California Department of Finance housing inventory data. Depending on its particular zoning regulations and building permit processes, the City of San Leandro may choose different definitions of "single family unit" and "multifamily unit" for the purpose of implementing the impact fee.

PROJECTED PARK IMPACT FEE REVENUE

The City's estimate of future development is stated in total housing units, while the fee schedule distinguishes between single family and multifamily units. If the distribution of growth is the same as the current base in the city, about 65 percent of new housing will be single family units.

This assumption yields a weighted average impact fee of \$3,958 per unit. Based on the housing projections shown in Table 1 and the weighted average fee per unit, total impact fee revenues to the City of San Leandro for parkland acquisition and development can be roughly estimated at \$7.92 million by 2020 (see Table 6).

Actual fee revenue received will depend upon the actual number of housing units developed and the distribution of growth by housing unit type. To the extent that the City accepts land dedications in-lieu of fees, impact fee revenue will be reduced, although the value of land acquired would be in addition to fee revenue.

| TABLE 6 CITY OF SAN LEANDRO PROJECTED PARK IMPACT FEE REVENUE <i>(1998 dollars)</i> | | |
|---|---------------------------------|---------------------------------|
| Projected Housing Units, 2000-2020 | Fee per Unit (Weighted Avg.) | Estimated Revenue, 2000-2020 |
| 2,000 | \$3,958 | \$7,916,000 |
| Sources: Table 1; Hausrath Economics Group. | | |

FUTURE DOCUMENTATION REVIEW AND UPDATES

All cost estimates and fee revenues in this report are shown in 1998 dollars. Facilities cost estimates should be systematically reviewed and updated to account for inflation and any other reasonable and necessary changes in cost estimates.

Annual Inflation Adjustment

Impact fee levels should be reviewed annually and adjusted, if necessary, to reflect inflation. We recommend the use of *Engineering News-Record* construction cost indices as an industry standard for construction cost inflationary adjustments. Land costs can be updated annually, using local land value information such as that from local real estate companies, or using the shelter price index from the San Francisco Bay Area Consumer Price Index (CPI) if land value data are not available.

Comprehensive Update

More thorough documentation reviews and updates should be undertaken if there is evidence of significant changes in demographic assumptions or future facilities planning. It is recommended that a comprehensive update be conducted once every five to seven years.

COMPARISON OF PARK IMPACT FEE AND CURRENT CITY FEE IN-LIEU OF PARKLAND DEDICATION

The City's *Municipal Code* currently requires parkland dedication or the payment of a fee in-lieu of parkland dedication. Comparison of the park impact fee developed herein with the City's current park in-lieu fee requirements indicates that adoption of the park impact fee would generate greater park impact fee revenues to the City than would current requirements.

Estimated fee revenue under both current requirements and the park impact fee requirements calculated herein are presented for hypothetical residential developments in Table 7. As shown, the park impact fee would generate higher fee revenues than the current requirements, for all of the cases presented in the table. This would be the case generally. As shown, the difference in revenues between fee requirements decreases somewhat as home sales price increases, because the current park in-lieu fee is capped at a not-to-exceed amount that depends on home sales price (a not-to-exceed limit on the in-lieu fee of 0.75 percent of sales price). Calculating current in-lieu fee payments as a function of sales price, it is possible to calculate fee revenue for high-priced homes (those around \$600,000 and above) that would exceed revenue from the newly developed park impact fee. However, as home prices increase, the density of development decreases and the park in-lieu fee under current requirements would be determined by the value of the land required for park dedication rather than the not-to-exceed limit. As this occurs, it appears that the newly developed park impact fee would still generate higher revenue than the current requirement or would result in relatively similar revenue.

**TABLE 7
CITY OF SAN LEANDRO
COMPARISON OF PARK IMPACT FEE REVENUE AND REVENUE
FROM CURRENT CITY FEE IN-LIEU OF
PARKLAND DEDICATION, FOR HYPOTHETICAL
RESIDENTIAL DEVELOPMENTS**

| | No. of Homes | Average Sales Price | Current Park In-lieu Fee ^a | Park Impact Fee | |
|--------|--------------|------------------------|--|---------------------|---------------------|
| | | | | All SF ^b | All MF ^c |
| Case 1 | 25 | \$200,000 | \$37,500 | \$106,475 | \$85,000 |
| Case 2 | 70 | \$250,000 | \$131,250 | \$298,130 | \$238,000 |
| Case 3 | 350 | \$275,000 | \$721,875 | \$1,490,650 | \$1,190,000 |
| Case 4 | 630 | \$300,000 | \$1,417,500 | \$2,683,170 | \$2,142,000 |

^aFee calculated at not-to-exceed limit of 0.75 percent of sales price.

^bFee of \$4,259 per unit, assuming all single family units (SF).

^cFee of \$3,400 per unit, assuming all multifamily condominium units (MF).

Source: Hausrath Economics Group and City of San Leandro Public Works Department.