

East Whisman Precise Plan Development Impact Fee Study Economic Analysis

Methodology

Willdan collected development impact fee data for the City of Mountain View, including draft impact fees in the East Whisman Precise Plan (EWPP) and current impact fees in the North Bayshore Precise Plan (NBPP) and four comparison cities the greater Bay Area. These comparison jurisdictions are:

- Fremont (Warm Springs Community Plan)
- Milpitas (Transit Area Specific Plan)
- Santa Clara (Lawrence Station Area Plan)
- Sunnyvale (Peery Park Specific Plan)

These cities were selected for use in this comparison because they have specific plan areas with similar development types to the EWPP. As such, they can be considered competitors to EWPP and differences in the cost of development between these areas may affect development decision making. Note that not all the planning areas impose additional impact fees on development occurring in those areas.

Willdan collected data regarding all fees used to fund infrastructure and facilities related to new development by a jurisdiction and a specific planning area. The comparison included all impact fees used to fund facilities, except for school impact fees. These fees were excluded because the fees do not vary significantly, and the cities do not set the rates.

Impact fees are not standardized and are assessed by various units of development by different jurisdictions. To create a meaningful comparison of impact fees, Willdan calculated the fees for three prototype projects. The prototype project characteristics are based on examples identified in a residential financial feasibility analysis performed in 2019 by Seifel Consulting Inc. and an office pro forma analysis from the same year by Strategic Economics specifically for the EWPP. Total development costs from those analyses have been adjusted to 2022 dollars for the purposes of this analysis. **Table 1** presents the project prototype assumptions used in this analysis.

For each prototype, the total impact fee burden was compared to the estimated market value of each development project. The resulting impact fee percentage of market value can be compared to assess the relative impact fee burden amongst competing jurisdictions.

Table 1: Prototype Assumptions

Land Use	Residential	Residential	Office
	Apartments	Condominiums	
	Ground Floor		
	Retail		
Dwelling Units (Total)	340	262	-
Studio	102	26	-
1 Bedroom	102	118	-
2 Bedroom	136	118	-
Net Building Area	272,000	272,480	196,020
Gross Building Area	362,780	363,394	217,800
Demolished Office Space	35,000	35,000	75,000
Ground Floor Retail Square Feet	5,000	-	-
Bonus Floor Area	259,129	259,567	130,680
Acres	2.5	2.5	5.0
Water Meter Size	2"	2"	2"
Water GPD ²	325	n/a	14,157
Sewer GPD ³	750	n/a	32,670
Construction Cost (Excluding Land) ⁴	\$ 170,505,000	\$ 179,330,000	\$ 147,143,000

¹ Net building area shown for residential prototypes. Gross building area shown for office prototype.

² Assumes 65 potable gallons per day per 1,000 square feet for nonresidential product types.

³ Assumes 150 gallons per day per 1,000 square feet for nonresidential product types.

⁴ Construction costs from 2019 memorandums adjusted for inflation to current 2022 dollars using the Engineering News Record's Building Cost Index, an increase of approximately 25%. Rounded to nearest \$1,000.

Sources: Mountain View East Whisman Residential Development Financial Feasibility Analysis, October 28, 2019, Seifel Consulting Inc.; Pro Forma - Mountain View East Whisman Precise Plan, Strategic Economics, 2019; Willdan Financial Services.

Market Value

Table 2 lists the assumed market value of each prototype for each jurisdiction. The market values were estimated using recent sales comparison data from Zillow for the condominium projects, market analytics from CoStar for the value per multifamily unit in apartment prototype and current rents and cap rates for Class A office space as reported by Colliers for the office prototype. These market values should be considered approximations for the current market value, as site specific characteristics can influence the market value and cannot be captured in this high-level analysis.

Table 2: Estimated Market Value

	Fremont	Milpitas	Santa Clara	Sunnyvale	Mountain View
Office Prototype ¹	\$ 65,717,000	\$ 70,871,000	\$ 126,697,000	\$ 230,796,000	\$ 282,705,000
Apartment Prototype ²	225,760,000	305,660,000	283,560,000	340,000,000	336,940,000
Condominium Prototype ³	326,190,000	315,710,000	379,114,000	381,734,000	449,854,000

¹ Market value estimate assumes 200,000+ square foot building, Class A office space.

² Average market sales price for multifamily units, excluding condos and co ops, per Costar.

³ Based on the average market sales price for condominiums 3 bedrooms and less built since 2018, per Zillow .

Sources: CoStar; Zillow .com; Silicon Valley 22Q1 Market Report, Colliers; Willdan Financial Services.

Results

Tables 3 through 5 display the fee comparisons and fee burden as percentage of estimated market value for each prototype, respectively.

Table 3: 340 Unit Apartment, 5,000 Retail Square Foot Prototype

Facility Category	EWPP ¹	NBPP ^{1, 2}	Fremont ³	Milpitas ⁴	Santa Clara ⁵	Sunnyvale ⁶
<i>Citywide Impact Fees</i>						
Capital Facilities	\$ -	\$ -	\$ 703,939	\$ -	\$ -	\$ -
Fire Facilities	-	-	133,421	-	-	-
Transportation	867,195	867,195	824,747	-	-	756,065
Parks	20,808,000	20,808,000	5,359,363	10,715,621	12,916,713	18,127,930
Affordable Housing ⁷	8,000	8,000	46,350	40,000	27,800	46,500
Water	945,822	945,822	2,422,500	397,700	39,050	1,308,159
Sewer	260,841	260,841	2,752,650	484,430	406,933	2,043,965
Public Art	-	-	-	852,525	-	-
Storm Drain	-	-	-	41,928	-	20,680
Subtotal	\$ 22,889,858	\$ 22,889,858	\$ 12,242,970	\$ 12,532,203	\$ 13,390,496	\$ 22,303,299
<i>Specific Plan / Precise Plan Fees</i>						
Transit Area Specific Plan	\$ -	\$ -	\$ -	\$ 15,107,010	\$ -	\$ -
Transportation	569,484	-	-	-	-	-
Water	90,711	-	-	-	-	-
Sewer	243,470	-	-	-	-	-
Recycled Water	436,093	-	-	-	-	-
Public Benefit Values	859,537	-	-	-	-	-
Specific Plan	-	-	-	-	-	-
Sense of Place	-	-	-	-	-	471,240
Subtotal	\$ 2,199,295	\$ -	\$ -	\$ 15,107,010	\$ -	\$ 471,240
Subtotal	\$ 25,089,153	\$ 22,889,858	\$ 12,242,970	\$ 27,639,213	\$ 13,390,496	\$ 22,774,539
Less Credit for Demolished Uses	\$ 657,895	\$ 281,645	\$ 748,055	\$ 2,131,079	\$ 820,693	\$ 880,538
Net Impact Fee Cost	\$ 24,431,258	\$ 22,608,213	\$ 11,494,915	\$ 25,508,134	\$ 12,569,803	\$ 21,894,001
Estimated Market Value	\$ 336,940,000	\$ 336,940,000	\$ 225,760,000	\$ 305,660,000	\$ 283,560,000	\$ 340,000,000
Impact Fees as Percent of Market Value	7.3%	6.7%	5.1%	8.3%	4.4%	6.4%

¹ Transportation and parkland fees are not charged to inclusionary units.

² The North Bayshore Precise Plan does not include residential land uses.

³ Inclusionary units are charged 50% of parks and transportation impact fees.

⁴ Fees in-lieu of park dedication assume a fair market value of \$64 per square foot and 2.66 residents per multifamily unit. Not charged to inclusionary units.

⁵ Park fees vary by zip code. The average fee among the three zip codes was used to estimate park fees in Santa Clara.

⁶ Sense of place fee shown is for Tasman Crossing and Fair Oaks Junction. Park fees not charged to inclusionary units in rental projects.

⁷ Assumes that development project will include affordable units onsite rather than pay in-lieu fee. Fee shown is for ground floor retail.

Sources: East Whisman Precise Plan Development Impact Fee Nexus Study, Final Draft, April 22, 2022; City of Mountain View; City of Fremont Master Fee Schedule; Rate and Fee Schedule for 2022, Alameda County Water District; Annual Report of Development Fees and Expenditures for the Fiscal Year ended June 30, 2021, City of Milpitas; FY 2021/22 Adopted Municipal Fee Schedule, City of Santa Clara; SB 330 Development Impact Fees, FY 2021-22, City of Sunnyvale; Table 1 and 2, Willdan Financial Services.

Table 4: 262 Unit Condominium Prototype

Facility Category	EWPP ¹	NBPP ^{1, 2}	Fremont ³	Milpitas ⁴	Santa Clara ⁵	Sunnyvale ⁶
<u>Citywide Impact Fees</u>						
Capital Facilities	\$ -	\$ -	\$ 576,950	\$ -	\$ -	\$ -
Fire Facilities	-	-	108,337	-	-	-
Transportation	646,944	646,944	607,705	-	-	558,060
Parks	16,034,400	16,034,400	4,475,429	8,257,331	9,953,467	16,434,317
Affordable Housing ⁷	-	-	-	-	-	-
Water	723,382	723,382	1,866,750	304,968	19,525	1,002,412
Sewer	64,793	64,793	2,103,860	368,372	310,994	1,548,944
Public Art	-	-	-	896,650	-	-
Storm Drain	-	-	-	41,928	-	20,680
Subtotal	\$ 17,469,518	\$ 17,469,518	\$ 9,739,031	\$ 9,869,249	\$ 10,283,986	\$ 19,564,413
<u>Specific Plan / Precise Plan Fees</u>						
Transit Area Specific Plan	\$ -	\$ -	\$ -	\$ 11,530,358	\$ -	\$ -
Transportation	406,973	-	-	-	-	-
Water	71,906	-	-	-	-	-
Sewer	194,168	-	-	-	-	-
Recycled Water	334,247	-	-	-	-	-
Public Benefit Values	859,537	-	-	-	-	-
Specific Plan	-	-	-	-	-	-
Sense of Place	-	-	-	-	-	363,132
Subtotal	\$ 1,866,831	\$ -	\$ -	\$ 11,530,358	\$ -	\$ 363,132
Total	\$ 19,336,349	\$ 17,469,518	\$ 9,739,031	\$ 21,399,607	\$ 10,283,986	\$ 19,927,545
Less Credit for Demolished Uses	\$ 657,895	\$ 281,645	\$ 748,055	\$ 2,131,079	\$ 820,693	\$ 880,538
Net Impact Fee Cost	\$ 18,678,454	\$ 17,187,873	\$ 8,990,976	\$ 19,268,527	\$ 9,463,294	\$ 19,047,007
Estimated Market Value	\$ 449,854,000	\$ 449,854,000	\$ 326,190,000	\$ 315,710,000	\$ 379,114,000	\$ 381,734,000
Impact Fees as Percent of Market Value	4.2%	3.8%	2.8%	6.1%	2.5%	5.0%

¹ Transportation and parkland fees are not charged to inclusionary units.

² The North Bayshore Precise Plan does not include residential land uses.

³ Inclusionary units are charged 50% of parks and transportation impact fees.

⁴ Fees in-lieu of park dedication assume a fair market value of \$64 per square foot and 2.66 residents per multifamily unit. Not charged to inclusionary units.

⁵ Park fees vary by zip code. The average fee among the three zip codes was used to estimate park fees in Santa Clara.

⁶ Sense of place fee shown is for Tasman Crossing and Fair Oaks Junction.

⁷ Assumes that development project will include affordable units onsite rather than pay in-lieu fee. All cities included in this analysis require that 15% of new units be affordable.

Sources: East Whisman Precise Plan Development Impact Fee Nexus Study, Final Draft, April 22, 2022; City of Mountain View; City of Fremont Master Fee Schedule; Rate and Fee Schedule for 2022, Alameda County Water District; Annual Report of Development Fees and Expenditures for the Fiscal Year ended June 30, 2021, City of Milpitas; FY 2021/22 Adopted Municipal Fee Schedule, City of Santa Clara; SB 330 Development Impact Fees, FY 2021-22, City of Sunnyvale; Table 1, Willdan Financial Services.

Table 5: 217,800 Square Foot Office Prototype

Facility Category	EWPP	NBPP	Fremont	Milpitas	Santa Clara	Sunnyvale ¹
<u>Citywide Impact Fees</u>						
Capital Facilities	\$ -	\$ -	\$ 231,957	\$ -	\$ -	\$ -
Fire Facilities	-	-	137,432	-	-	-
Transportation	1,204,434	1,204,434	1,288,723	-	-	957,884
Parks	-	-	-	-	-	-
Affordable Housing	4,081,636	4,081,636	2,019,006	1,742,400	4,839,516	3,799,300
Water	37,771	37,771	68,467	84,517	19,525	318,816
Sewer	548,203	548,203	977,922	278,348	146,035	1,476,031
Public Art	-	-	-	735,715	-	-
Storm Drain	-	-	-	107,810	-	54,080
Subtotal	\$ 5,872,044	\$ 5,872,044	\$ 4,723,506	\$ 2,948,791	\$ 5,005,076	\$ 6,606,111
<u>Specific Plan / Precise Plan Fees</u>						
Transit Area Specific Plan	\$ -	\$ -	\$ -	\$ 10,776,744	\$ -	\$ -
Transportation	1,165,448	3,744,216	-	-	-	-
Water	65,122	1,058,148	-	-	-	985,320
Sewer	201,029	197,064	-	-	-	485,520
Recycled Water	909,751	-	-	-	-	-
Public Benefit Values ²	3,267,000	10,200,000	-	-	-	-
Specific Plan	-	-	-	-	-	120,657
Sense of Place	-	-	-	-	-	344,148
Subtotal	\$ 5,608,350	\$ 15,199,428	\$ -	\$ 10,776,744	\$ -	\$ 1,935,645
Total	\$ 11,480,394	\$ 21,071,472	\$ 4,723,506	\$ 13,725,535	\$ 5,005,076	\$ 8,541,756
Less Credit for Demolished Uses	\$ 1,409,775	\$ 603,525	\$ 1,602,975	\$ 4,584,564	\$ 1,736,313	\$ 2,159,490
Net Impact Fee Cost	\$ 10,070,619	\$ 20,467,947	\$ 3,120,531	\$ 9,140,971	\$ 3,268,763	\$ 6,382,266
Estimated Market Value	\$ 282,705,000	\$ 282,705,000	\$ 65,717,000	\$ 70,871,000	\$ 126,697,000	\$ 230,796,000
Impact Fees as Percent of Market Value	3.6%	7.2%	4.7%	12.9%	2.6%	2.8%

¹ Specific plan and sense of place fees shown for Peery Park Specific Plan, which only includes nonresidential development.

² Public benefit values for North Bayshore determined case-by-case for bonus FAR projects.

Sources: East Whisman Precise Plan Development Impact Fee Nexus Study, Final Draft, April 22, 2022; City of Mountain View; City of Fremont Master Fee Schedule; Rate and Fee Schedule for 2022, Alameda County Water District; Annual Report of Development Fees and Expenditures for the Fiscal Year ended June 30, 2021, City of Milpitas; FY 2021/22 Adopted Municipal Fee Schedule, City of Santa Clara; SB 330 Development Impact Fees, FY 2021-22, City of