



# City of Maricopa

## Legislation Details (With Text)

|                       |                                                                                                                                                                                                                                                                                                                                                        |                      |                              |              |                                            |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------|--------------|--------------------------------------------|
| <b>File #:</b>        | RES 24-14                                                                                                                                                                                                                                                                                                                                              | <b>Version:</b>      | 1                            | <b>Name:</b> | Approval of Development Impact Fees (2024) |
| <b>Type:</b>          | Resolution                                                                                                                                                                                                                                                                                                                                             | <b>Status:</b>       | Passed                       |              |                                            |
| <b>File created:</b>  | 3/12/2024                                                                                                                                                                                                                                                                                                                                              | <b>In control:</b>   | City Council Regular Meeting |              |                                            |
| <b>On agenda:</b>     | 4/2/2024                                                                                                                                                                                                                                                                                                                                               | <b>Final action:</b> | 4/2/2024                     |              |                                            |
| <b>Title:</b>         | A Resolution of the Mayor and City Council of the City of Maricopa, Arizona, adopting the Development Impact Fees included within the Comprehensive Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fee Analysis and setting an effective date of July 1st, 2024 as required by A.R.S. §9-463.05. Discussion and Action. |                      |                              |              |                                            |
| <b>Sponsors:</b>      | Office of Engineering & CIP Development                                                                                                                                                                                                                                                                                                                |                      |                              |              |                                            |
| <b>Indexes:</b>       |                                                                                                                                                                                                                                                                                                                                                        |                      |                              |              |                                            |
| <b>Code sections:</b> |                                                                                                                                                                                                                                                                                                                                                        |                      |                              |              |                                            |
| <b>Attachments:</b>   | 1. Resolution, 2. Infrastructure Improvement Plan, 3. Comparison Cities, 4. ADOT Construction Cost Index, 5. PowerPoint Presentation                                                                                                                                                                                                                   |                      |                              |              |                                            |

| Date     | Ver. | Action By                    | Action   | Result |
|----------|------|------------------------------|----------|--------|
| 4/2/2024 | 1    | City Council Regular Meeting | Approved | Pass   |

A Resolution of the Mayor and City Council of the City of Maricopa, Arizona, adopting the Development Impact Fees included within the *Comprehensive Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fee Analysis* and setting an effective date of July 1<sup>st</sup>, 2024 as required by A.R.S. §9-463.05. Discussion and Action.

In order to continue collecting Development Impact Fees, the City must comply with Arizona Revised Statute (ARS) §9-463.05, by updating the Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP) every five years. The last report was prepared in 2019 by TischlerBise. LRB Public Finance Advisors was selected to prepare this update.

The LUA section of the report incorporates information provided by City staff to establish current land use and projected land uses over the next 10 years. Single-family, multi-family, commercial/retail, office, industrial and institutional uses of land have been projected to establish the need for growth-related infrastructure. The IIP section of the report is incorporated into the discussion of each fee category (Parks & Recreation, Libraries (General Government), Police, Fire and Streets), and is the result of a comprehensive look at necessary improvements due to the impacts of growth.

The following three components must be included as part of adopting and collecting development impact fees. These components must be updated at least every five years.

1. *Land Use Assumptions* - Projections of changes in land uses, densities, intensities, and population for a specified service area over a period of at least ten years and pursuant to the general plan of the municipality.
2. *Infrastructure Improvement Plan* - A written plan that identifies each necessary public service or facility expansion that is proposed to be the subject of a development fee that complies with the requirements the ARS. This is based on the City's capital improvements plan.
3. *Development Fees* - The fees to fund the infrastructure made necessary due to development.

The following have been completed to date, relative to the development fee process:

- September 20, 2023 - Staff posted the DRAFT - *Comprehensive Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fee Analysis* on the City's website, and provided a public notice of the Public Hearing on 11/21/23.
- October 10, 2023 - Staff held a meeting with stakeholders to receive any concerns or comments regarding the draft report.
- October 19, 2023 - Staff held a second meeting with stakeholders to receive any concerns or comments regarding the draft report.
- October 26, 2023 - Staff held a third meeting with stakeholders to receive any concerns or comments regarding the draft report.
- November 21, 2023 - A Public Hearing was conducted regarding the DRAFT - *Comprehensive Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fee Analysis*.
- January 16, 2024 - The City Council approved the *Comprehensive Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fee Analysis*. A Notice of Intent to Assess Development Impact Fees was posted the following morning.
- February 20, 2024 - A Public Hearing was conducted regarding the Intent to Assess Development Impact Fees.

Additionally, Staff has posted public comments, responses to these comments, and any supplemental material on the City's website, as a means of going beyond statutory requirements and providing maximum transparency to the public and stakeholders.

Of particular note, the City received comments at its last Public Hearing that it wishes to correct at this time.

1. It was alleged that various components of the infrastructure improvements have no nexus to proposed developments. The speakers that have voiced opposition to the new fees have come only from single-family homebuilders, who seem to believe that Maricopa will only see residential growth in the next ten years. The fees, however, are applied against residential, multi-family, commercial, and industrial developers. Thus, when the impact of growth is considered, we do not look solely at growth of single-family homes. New growth brings new employment zones, new shopping areas, new recreational space, and new civic amenities that are used by the various growth sectors. Fee increases are recommended for all growth elements, and not just single-family homes. When considering future growth, this growth is expected to the west, east, north, and south of the existing City limits, in addition to within the central part of the City.
2. It was specifically alleged that the proposed increase will 'price out' new homebuyers. As provided in the adopted Plan, these fee increases are the necessary costs of growth. According to ADOT, construction costs have increased by 141% since the last Plan was drafted, and over 113% since their adoption. Thus, it makes sense that the streets component would double, if only due to inflation - all other things being equal. This, however, has minimal impact on new housing affordability, with a roughly \$3,000 increase to Development Impact Fees. To the contrary, homebuilders have not shied away from raising the prices of their new homes by hundreds of thousands of dollars over the last five years, since the last Infrastructure Improvement Plan was adopted. The City does not desire to place an undue burden on new growth. The lengthy update process has ensured that growth is only paying for the impacts of growth. Otherwise, these costs would be unduly borne by the City's existing taxpayers. Nonetheless, development impact fees are not the cause of lessened housing affordability.
3. Finally, it was alleged that the process Maricopa took to get to this point was somehow lacking, accelerated, or otherwise different than what other communities have done. In fact, as described previously, the process to update the fees is set in State Statute (ARS §9-463.05), and the City has followed every step of that process. It has not gone slower nor faster than other communities (give or take a few days due to the timing of City Council meetings). Multiple additional meetings, outside of the requirements of Statute, were held with stakeholders.

Maricopa has traditionally had low development impact fees compared to neighboring growth communities. In a review of seven growth cities, given the conditions within the LUA/IIP, Maricopa would continue to have the lowest fees of any of these communities. Also of note, many of these communities are currently undergoing a process to update (and increase) their Development Impact Fees to offset the increases in horizontal construction costs seen over the past five years. These communities' proposed increases dwarf the proposed fee increases in Maricopa. Should each of these proposed fees be adopted, Maricopa will continue to have fees far below most (if not all) high-growth communities in the Phoenix Metro area. For reference, a chart showing these comparison cities is attached to this agenda item.

By statute, if approved by the City Council, the Development Impact Fees would take effect no earlier than June 16<sup>th</sup>, 2024. For convenience of aligning these fees with the fiscal year, the City recommends that these fees take effect on July 1<sup>st</sup>, 2024.

This item will be presented by Benjamin Bitter, City Manager.

Pursuant to A.R.S. § 9-463.05, staff recommends the Mayor and City Council adopt Resolution 24-14, approving the Development Impact Fees included within the *Comprehensive Land Use Assumptions*, *Infrastructure Improvement Plan*, and *Development Impact Fee Analysis* and setting an effective date of July 1<sup>st</sup>, 2024.