



## Legislation Text

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A resolution temporarily exempting from application fees and charges for the land use review division of the Planning and Development Department, development review, development inspection, concrete permit, excavation permit, traffic control permit, and pavement degradation fees for the engineering division, and fire department fee schedule for approved residential development for property located within the Imagine Downtown Master Plan area.

**From:**

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**Summary:**

The Imagine Downtown Master Plan (2009), the Urban Land Institute Report (2012) and several other community based studies and reports have identified and prioritized the need to encourage residential development in downtown Colorado Springs. Significant barriers exist to downtown residential development including the high cost of land, construction, parking and inadequate infrastructure.

In an effort to implement the recommendations contained in The Imagine Downtown Master Plan, the Urban Land Institute Report and other community based studies and reports, and to incentivize and encourage private sector investment in new downtown multifamily residential development, the Executive Branch is proposing a temporary exemption from Park and School Fees for downtown multifamily residential construction, in addition to the temporary waiver of certain other land use and engineering review fees.

**Previous Council Action:**

N/A

**Background:**

The Imagine Downtown Master Plan (2009), the Urban Land Institute Report (2012), Dream City: Vision 2020 and other community based studies and reports have identified and prioritized the need to encourage residential development in downtown Colorado Springs. Each of these studies recognized the importance of new investment in downtown residential construction as a key element in revitalizing our City's core.

Significant barriers exist to downtown residential development including the high cost of land, construction, parking and inadequate infrastructure. While multifamily market fundamentals have

improved in recent years and a significant number of new suburban apartment projects have been started or completed, essentially no new development has occurred in downtown Colorado Springs. Higher costs associated with downtown development necessitate higher rents which places additional pressure on the feasibility of such projects. Lack of development has meant that a downtown multifamily residential market has not been established and proven up for investors and lenders. By temporarily exempting Park, School and certain other fees, overall development costs will be reduced thereby reducing the necessary rent premium which in turn will increase the feasibility of projects.

Park and School fees were established by ordinance in 1973 in response to the increased demand for capital investment in parks and schools as a result of new residential subdivisions. Since 1973 residential sub dividers have been required to dedicate land, pay fees in lieu thereof, or a combination of both as a means for funding capital investment in parks and schools. The use of Park and School fees is limited to the purchase and improvement of land for park, recreation, conservation areas and school sites to serve the subdivision for which it is received. Current Park and School Fees for projects with density of 8 units per acre or less are \$1,781 per unit and \$1,532 per unit respectively. Current Park and School Fees for projects with density of greater than 8 units per acre are \$1,264 per unit and \$368 per unit respectively

From January 1, 2009 through December 31, 2013, six downtown projects representing only 15 residential units have been submitted to the City for review. If all 15 units are issued building permits and the units are actually built, existing Park and School Fees would equate to \$18,960 and \$5,520 respectively or \$1,632 per unit.

In addition to the temporary exemption of Park and School fees, the Executive Branch is proposing the temporary waiver of certain other fees associated with multifamily development within the Imagine Downtown Master Plan area. The fees to be temporarily waived include: Development Plan, Waiver of Replat, FBZ Warrant, Landscape Plan, Irrigation Plan, and Fire Department Review, and other applicable land use review fees.

An ordinance providing for the temporary exemption of Park and/or School Fees will be presented to City Council at the July 22nd Regular Meeting. The Executive Branch is working with School District 11 on the temporary exemption of School Fees. If the School District's support has not been finalized by July 22nd, then a separate ordinance providing for the temporary exemption of Park Fees will be presented at that time. The temporary waiver of certain other fees will be accomplished through the appropriate process. The proposed duration of the temporary exemption is five years.

The proposed exemption or waiver of these fees is specific, targeted geographically and by investment type, time limited and is consistent with the Imagine Downtown Master Plan.

### **Financial Implications:**

From January 1, 2009 through December 31, 2013 six projects totaling 15 residential units have been submitted to Land Use Review. If all 15 projects are issued building permits and actually built, the total associated Park and School fee revenue at current levels would be \$24,480. Since downtown multifamily residential development has been essentially nonexistent, the potential loss of revenue is limited. If significant new investment in multifamily projects can be incentivized in part by waiving Park and School fees, the upside potential of the economic impacts far outweighs the limited downside risk of lost fee revenue.

Currently, two projects representing 38 units could be incentivized to proceed as a result of the proposed fee exemption. In addition, several other projects representing hundreds of units are in the planning stage and the proposed fee exemption could push these projects over the feasibility threshold.

**Board/Commission Recommendation:**

This item was heard at the Parks and Recreation Advisory Board on June 12 and will be heard for formal approval on July 15.

This item will be heard at the Informal Planning Commission meeting on July 10 and the Formal Planning Commission meeting on July 17.

**Stakeholder Process:**

The Imagine Downtown Master Plan, the Urban Land Institute Study, and Dream City; Vision 2020 were all very inclusive, involving extensive stakeholder and citizen input.

**Alternatives:**

N/A

**Proposed Motion:**

Approval of a resolution temporarily exempting from application fees and charges for the land use review division of the Planning and Development Department, development review, development inspection, concrete permit, excavation permit, traffic control permit, and pavement degradation fees for the engineering division, and fire department fee schedule for approved residential development for property located within the Imagine Downtown master plan area.

N/A