

# Downtown Lafayette Specific Plan Draft Economic and Fiscal Impact Analysis



Prepared for:

**City of Lafayette**

February 8, 2010

# Project Description

- Analyze impacts of Downtown Specific Plan EIR build-out alternatives
  - Employment generation: One-time and ongoing
  - Revenue generation: One-time and ongoing
    - ▲ Sales tax revenue to the City
    - ▲ Property tax revenue to the City and Agency
    - ▲ Development impact fee revenue to the City
  - Municipal capital and maintenance costs

# Downtown Specific Plan EIR

## Build-out Alternatives

- All alternatives: mixed-use development, same footprint
- Development intensity based on building height
- Number of residential units based on 1,200 SF per unit; EIR assumed 1,000 SF per unit

	Development Program		
	Office (SF)	Retail (SF)	(Units)
<b>Proposed Project</b>	180,000	180,000	1,471
<b>Alternative 1 - General Plan</b>	138,000	138,000	608
<b>Alternative 2 - Planning Subcommittee</b>	175,000	175,000	1,450
<b>Alternative 3 - High Density</b>	245,000	245,000	2,008

# Employment Generation

- Permanent employment from commercial development
- One-time construction-related employment



# Permanent Employment

- Based on square feet of building per employee
- Range: 200-300 SF for office and 300-500 SF for retail; average used below

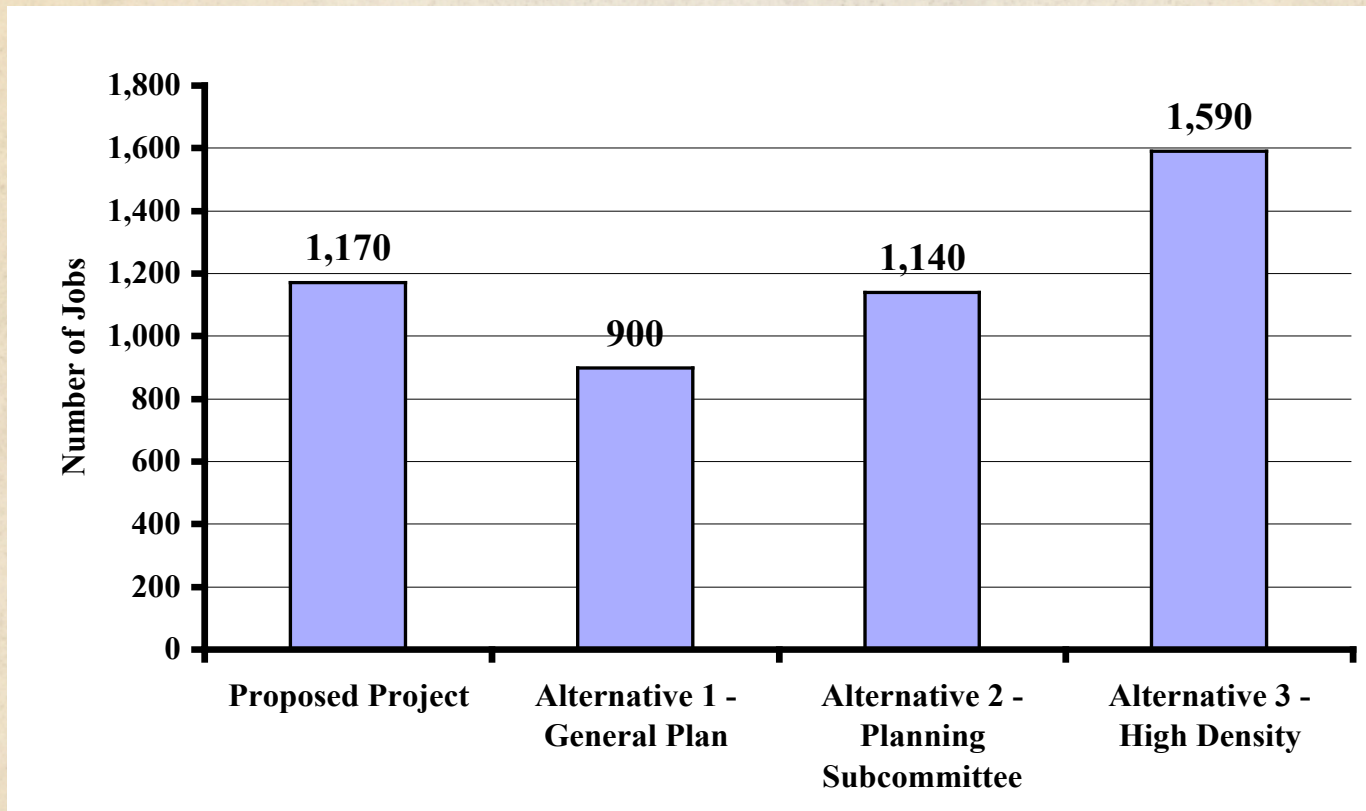
	Development Program (SF)	Projected Direct Employment <sup>a</sup>
<b>Proposed Project</b>		
Office	180,000	720
Retail	<u>180,000</u>	<u>450</u>
<b>Total</b>	<b>360,000</b>	<b>1,170</b>
<b>Alternative 1 - General Plan</b>		
Office	138,000	552
Retail	<u>138,000</u>	<u>345</u>
<b>Total</b>	<b>276,000</b>	<b>897</b>
<b>Alternative 2 - Planning Subcommittee</b>		
Office	175,000	700
Retail	<u>175,000</u>	<u>438</u>
<b>Total</b>	<b>350,000</b>	<b>1,138</b>
<b>Alternative 3 - High Density</b>		
Office	245,000	980
Retail	<u>245,000</u>	<u>613</u>
<b>Total</b>	<b>490,000</b>	<b>1,593</b>

# One-time Construction Employment

- Based on construction costs and average wages for construction jobs
- Assumes 50% of construction costs are wages
- Jobs per year assumes 30-year build-out, except for General Plan alternative (20 years)

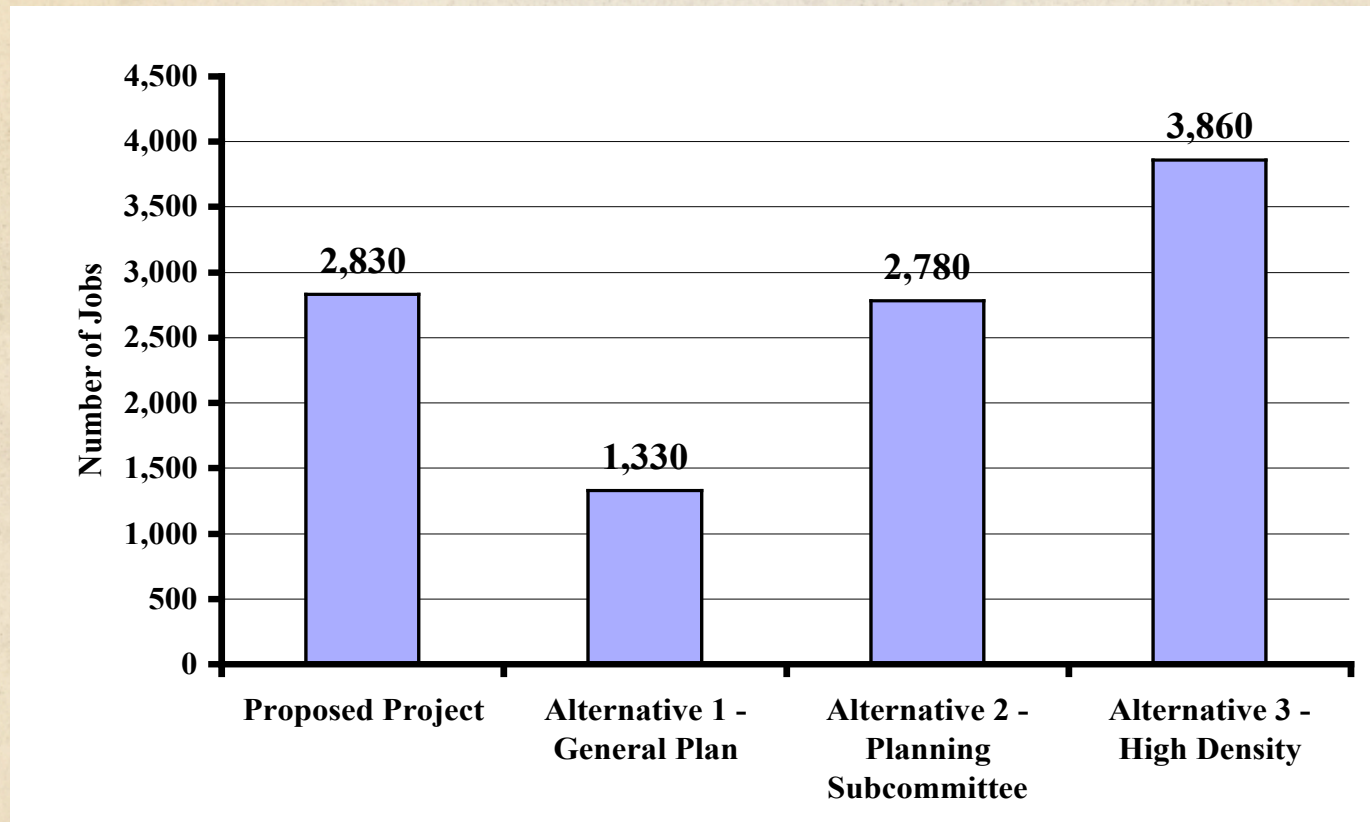
	<b>Total Construction Cost</b>	<b>Estimated Labor Cost</b>	<b>Total Jobs</b>	<b>Jobs Per Year</b>
<b>Proposed Project</b>	\$325,806,000	\$162,903,000	2,831	94
<b>Alternative 1 - General Plan</b>	\$153,108,000	\$76,554,000	1,330	67
<b>Alternative 2 - Planning Subcommittee</b>	\$320,450,000	\$160,225,000	2,784	93
<b>Alternative 3 - High Density</b>	\$444,538,000	\$222,269,000	3,862	129

# Permanent Employment Summary



- Proposed Project: 130% of General Plan
- High-Density alternative: 177% of General Plan

# One-time Employment Summary



- Proposed Project: 213% of General Plan
- High-Density alternative: 290% of General Plan

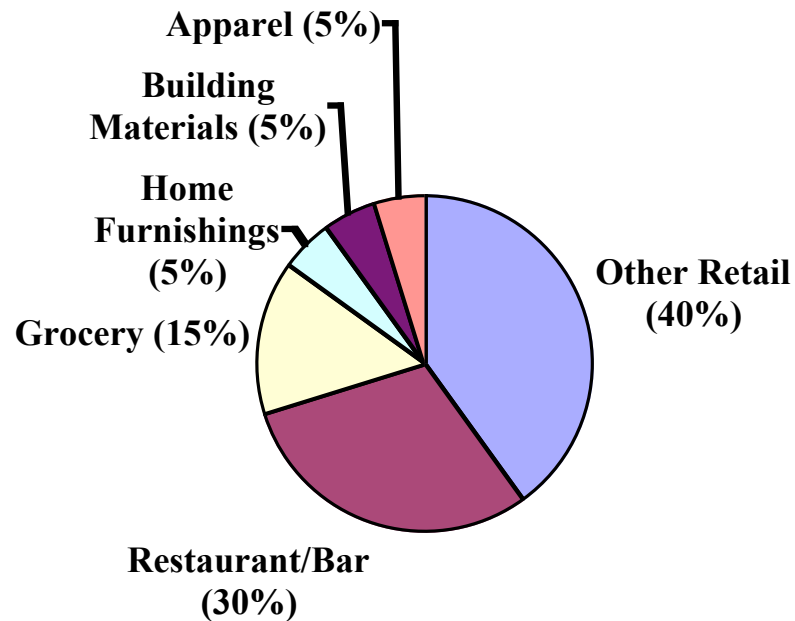
# Fiscal revenues

- Ongoing revenues
  - ◆ Sales tax from proposed retail uses
  - ◆ Property tax revenue to City and Agency
- One-time revenues
  - ◆ Construction-related sales tax
  - ◆ Development impact fees



# Annual Sales Tax Revenue at Build-out

- Potential retail mix based on existing and projected retail uses



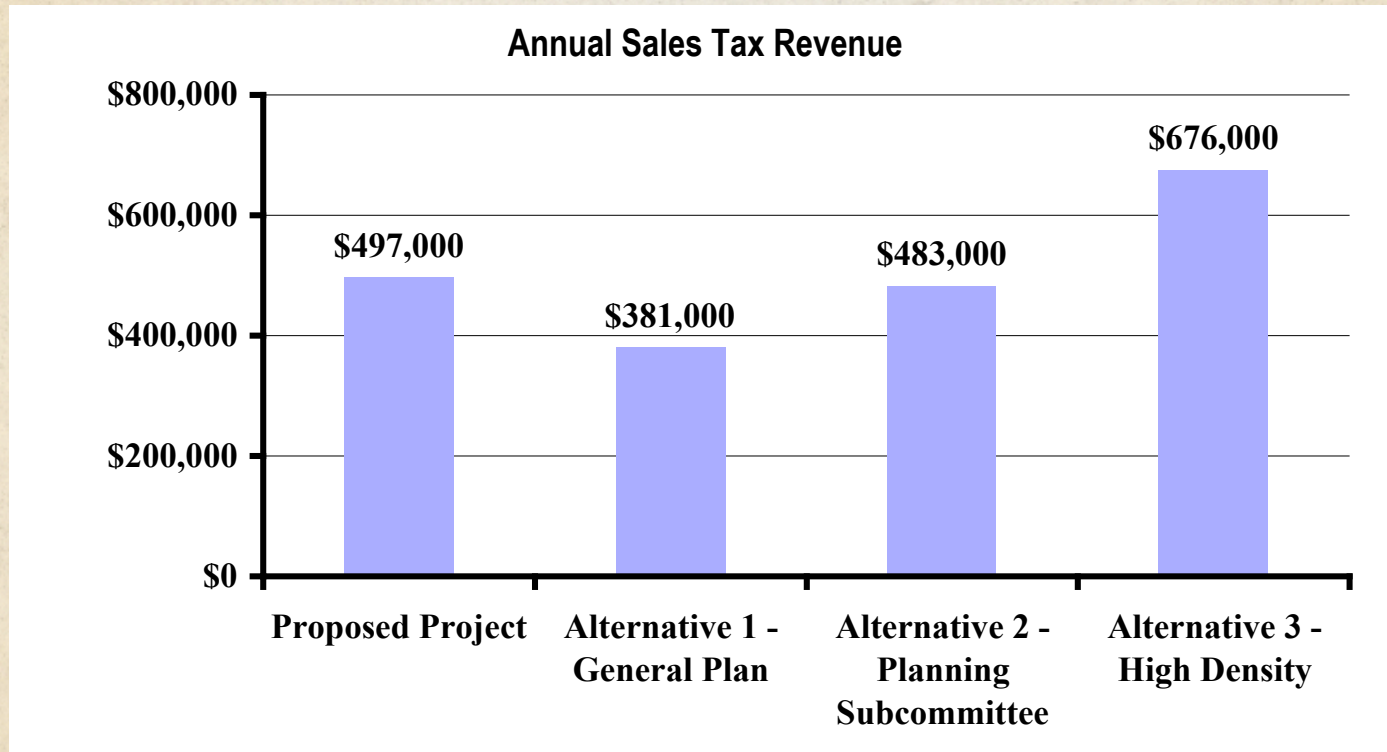
Source: City of Lafayette, 2009 California Retail Survey, Seifel Consulting Inc.

# Annual Sales Tax Revenue at Build-out

- Based on total retail SF
- Average sales per SF is \$307, average taxable sales per SF is \$276
- 1% sales tax rate accrues to Lafayette

	<b>Retail Square Feet</b>	<b>Total Taxable Sales</b>	<b>Annual Sales Tax Revenue</b>
<b>Proposed Project</b>	180,000	\$49,671,000	\$497,000
<b>Alternative 1 - General Plan</b>	138,000	\$38,081,000	\$381,000
<b>Alternative 2 - Planning Subcommittee</b>	175,000	\$48,291,000	\$483,000
<b>Alternative 3 - High Density</b>	245,000	\$67,608,000	\$676,000

# Comparison of Annual Sales Tax Revenue at Build-out



- Proposed Project: 130% of General Plan
- High Density alternative: 177% of General Plan

# One-time Construction-Related Sales Tax Revenue

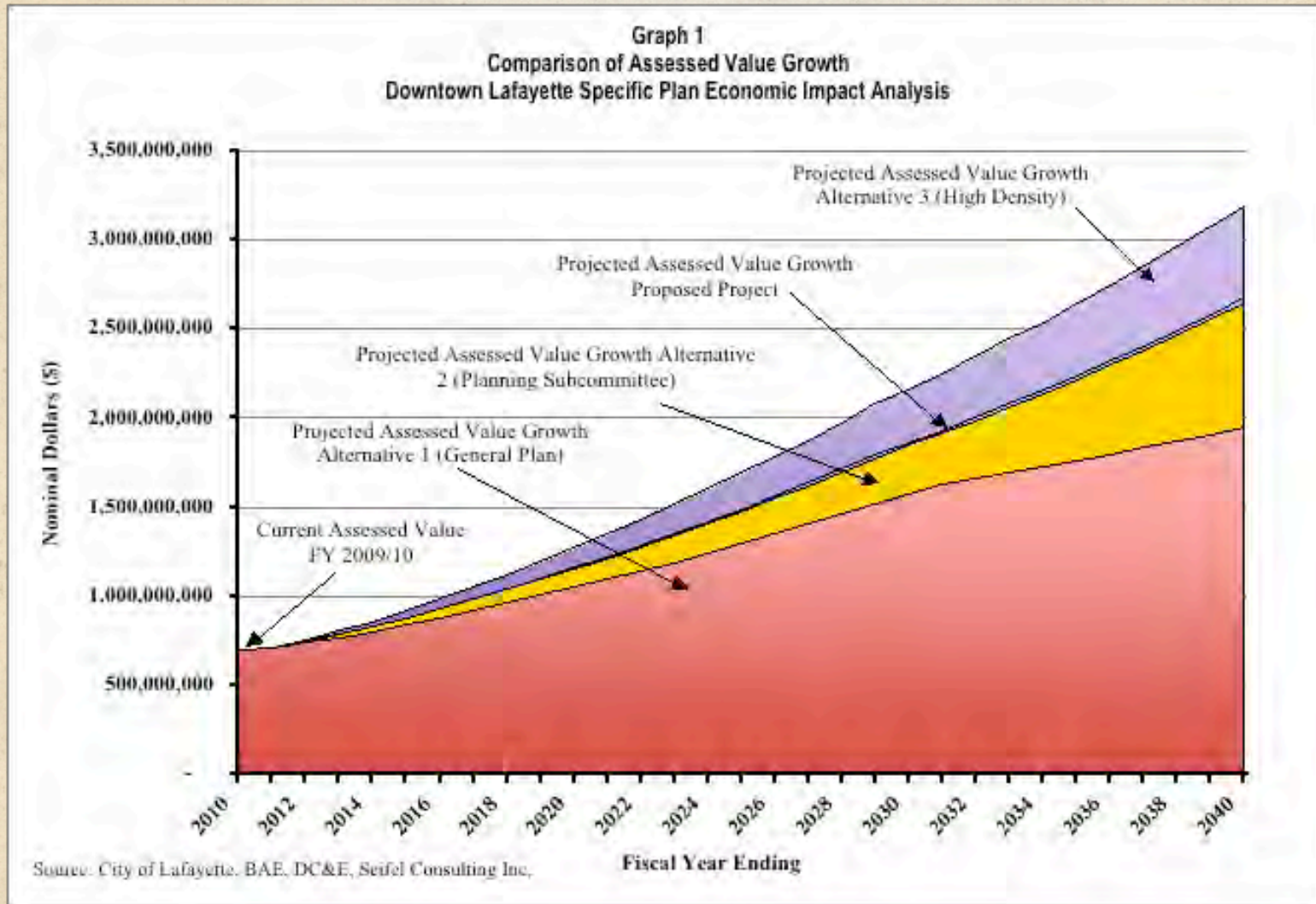
- Material cost is estimated at 50% of total construction cost
- Assumes 5% of construction materials purchased locally

	<b>Total Construction Cost</b>	<b>Total Material Cost</b>	<b>Material Cost Purchased in Lafayette</b>	<b>Lafayette Sales Tax Revenue</b>
<b>Proposed Project</b>	\$325,806,000	\$162,903,000	\$8,145,000	\$81,000
<b>Alternative 1 - General Plan</b>	\$153,108,000	\$76,554,000	\$3,828,000	\$38,000
<b>Alternative 2 - Planning Subcommittee</b>	\$320,450,000	\$160,225,000	\$8,011,000	\$80,000
<b>Alternative 3 - High Density</b>	\$444,538,000	\$222,269,000	\$11,113,000	\$111,000

# Property Taxes to Agency/City

- Redevelopment Project Area nearly coterminous with Specific Plan Area
- Property taxes to Agency during life of redevelopment plan
- Property taxes to City after redevelopment plan ends
- City does not receive a pass-through payment from the Agency
- Property tax revenue based on assessed value growth

# Projected Assessed Value Growth



# Tax Increment Revenue to Agency in Nominal (Future) Dollars

- Assumes TI collected through FY 2040/41
- TI revenues could be limited by the Agency's \$75M TI cap
- Based on assessed values inflated at 2% per year

	<b>FY 2040/41 AV</b>	<b>Gross Tax Increment</b>	<b>Housing Set-Aside</b>	<b>Non-Housing Revenue</b>
<b>Proposed Project</b>	\$2,669,953,000	\$442,373,000	\$88,475,000	\$109,903,000
<b>Alternative 1 - General Plan</b>	\$1,939,694,000	\$351,941,000	\$70,388,000	\$76,451,000
<b>Alternative 2 - Planning Subcommittee</b>	\$2,646,858,000	\$438,122,000	\$87,624,000	\$108,253,000
<b>Alternative 3 - High Density</b>	\$3,188,017,000	\$521,351,000	\$104,270,000	\$139,935,000

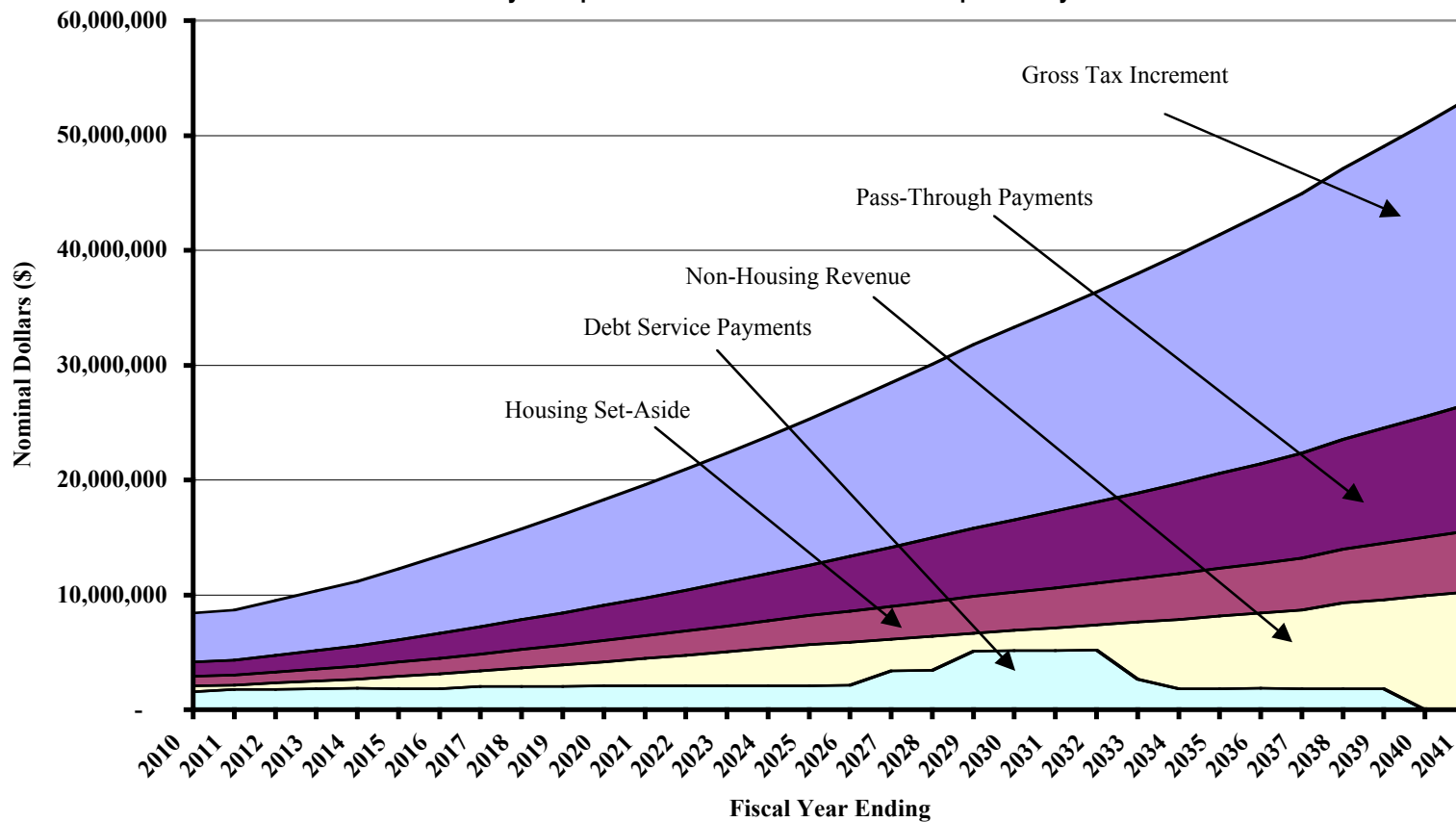
# Tax Increment Revenue to Agency in Constant FY 2009/10 Dollars

- Assumes TI collected through FY 2040/41
- TI revenues could be limited by the Agency's \$75M TI cap
- Based on assessed values inflated at 2% per year and discounted at 6% per year

	<b>Gross Tax Increment</b>	<b>Housing Set-Aside</b>	<b>Non-Housing Revenue</b>
<b>Proposed Project</b>	\$151,433,000	\$30,287,000	\$33,092,000
<b>Alternative 1 - General Plan</b>	\$127,349,000	\$25,470,000	\$23,911,000
<b>Alternative 2 - Planning Subcommittee</b>	\$150,192,000	\$30,038,000	\$32,602,000
<b>Alternative 3 - High Density</b>	\$173,637,000	\$34,727,000	\$41,736,000

# Projected Growth of Agency TI Revenue and Obligations – Proposed Project

Graph 2  
 Projected TI Revenue to Agency – Proposed Project  
 Downtown Lafayette Specific Plan Economic and Fiscal Impact Analysis



Source: City of Lafayette, BAE, DC&E, Seifel Consulting Inc.

# Property Tax Revenue to City

- City will collect property tax revenue after redevelopment plan ends
- City share of 1% property tax rate is 6.013%

	<b>Total Assessed Value in FY 2040/41</b>	<b>Annual Property Tax Revenue</b>	<b>Annual General Fund Revenue</b>
<b>Proposed Project</b>	\$2,669,953,000	\$26,700,000	\$1,605,000
<b>Alternative 1 - General Plan</b>	\$1,939,694,000	\$19,397,000	\$1,166,000
<b>Alternative 2 - Planning Subcommittee</b>	\$2,646,858,000	\$26,469,000	\$1,592,000
<b>Alternative 3 - High Density</b>	\$3,188,017,000	\$31,880,000	\$1,917,000

# Development Impact Fees

- **Park Fees:** Levied on residential development to offset costs of parkland acquisition and park improvements
- **Walkways Fee:** Levied on residential development to offset costs of walkways improvements (commercial development to provide improvements or pay in-lieu fee)
- **Lamorinda Sub-Regional Transportation Fee:** levied on commercial and residential development to fund transportation improvements

# Development Impact Fees, cont.

- **Drainage Fee:** levied on net new square feet of impervious surface to offset costs of providing new drainage facilities
- **Parking Development Payment:** in-lieu fee for required parking not provided on site to offset the cost of providing new surface and structured parking facilities



# Projected Impact Fee Revenues

- Total fees by type at build-out

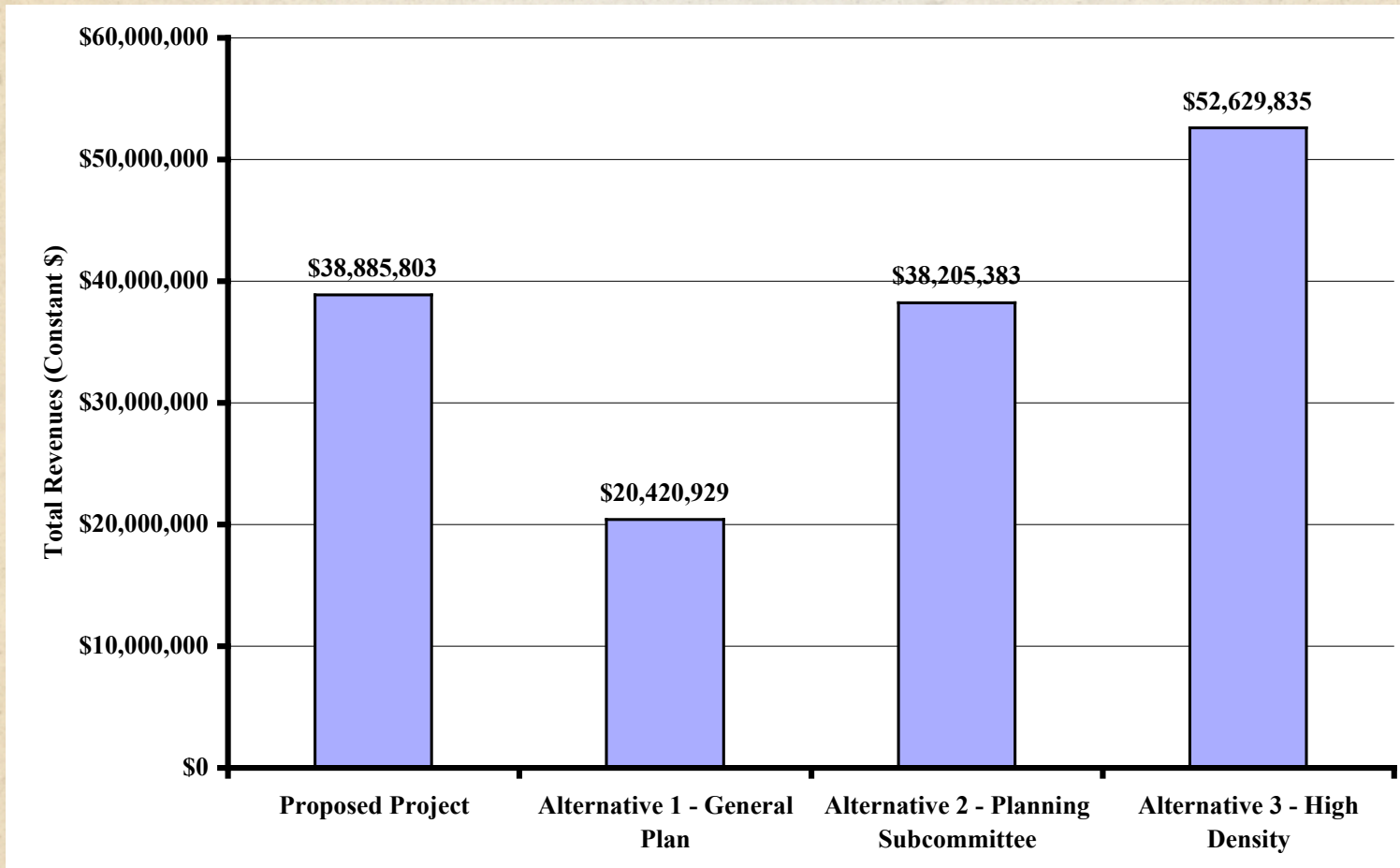
	Park Fees	Walkways Fee	Lamorinda Sub-Regional Transportation Fee	Drainage Fee	Parking Development Payment Fees	Total Fees
<b>Proposed Project</b>	\$11,598,208	\$1,026,495	\$6,368,838	\$1,119,800	\$18,772,463	\$38,885,803
<b>Alternative 1 - General Plan</b>	\$4,793,088	\$424,211	\$2,933,955	\$1,119,800	\$11,149,875	\$20,420,929
<b>Alternative 2 - Planning Subcommittee</b>	\$11,433,826	\$1,011,947	\$6,267,060	\$1,119,800	\$18,372,750	\$38,205,383
<b>Alternative 3 - High Density</b>	\$15,830,207	\$1,401,047	\$8,690,169	\$1,119,800	\$25,588,613	\$52,629,835

# Parking Development Payment

- Assumes 25% of required parking spaces will be subject to the in-lieu fee
- Assumes 50/50 split between structured (\$36,900) and surface (\$19,200) PDP per space

	<b>Parking Spaces Required</b>	<b># of Spaces Subject to Fee</b>	<b>Total Fees</b>
<b>Proposed Project</b>	3,001	669	\$18,774,300
<b>Alternative 1 - General Plan</b>	1,724	398	\$11,181,600
<b>Alternative 2 - Planning Subcommittee</b>	2,940	655	\$18,399,300
<b>Alternative 3 - High Density</b>	4,091	912	\$25,636,200

# Summary of Projected Impact Fee Revenues



# Municipal Capital and Maintenance Costs

- Cost projections per September 2009 Revised Draft Downtown Lafayette Specific Plan



# Capital Costs

- Includes streetscape, walkways, parking facilities, parks, and creeks improvements
- Total amount of capital costs excluding land acquisition costs = \$63.5M
- Assumes a new 200-space parking garage
- Proposed Project requires a 350-space parking garage: additional \$2.25M
- High Density alternative requires a 450-space parking garage: additional \$3.75M

# Maintenance Costs

- Annual maintenance costs as follows:
  - ◆ Parking - \$100/space
  - ◆ Streetscape - \$1.30/SF
  - ◆ Parks - \$1.30/SF
  - ◆ Creeks - \$16,500/acre
- Total annual maintenance costs: \$275,213
- Maintenance of parking for Proposed Project: additional \$150,000 per year
- Maintenance of parking for High Density: additional \$250,000 per year

# Conclusions

- Higher intensity build-out alternatives result in greater employment generation and fiscal revenue than General Plan alternative
- Analysis assumes full build-out, and development according to the specified mix of commercial and residential uses
- Mix, location and concentration of land uses important elements for further consideration.

# Questions and Answers

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