MEMORANDUM

TO: Mayor and Council

FROM: Sara L. Hensley, CPRP, Director
Parks and Recreation Department

DATE: November 19, 2014

SUBJECT: Parkland Dedication Fee Methodology Report

On August 7, 2014, City Council passed Resolution No. 201408047-093 directing the City Manager to report on staff's analysis of the parkland dedication ordinance and provide an adjustment recommendation to Council by November 6, 2014. The purpose of this memo is to provide Council a staff recommendation on future parkland dedication requirements for the City of Austin.

History of Parkland Dedication

The Texas Supreme Court in 1984 ruled parkland dedication (PLD) to be constitutionally legal. The regulating laws stipulate that PLD requirements imposed on a developer should be "roughly proportional" to the increased demands of the proposed development on a city's park system, and include, 1) a land requirement; 2) a fee in-lieu alternative to the land requirement; and 3) a park development fee. Dr. John L. Crompton, Distinguished Professor and Regents Professor, Sciences Department of Recreation, Park and Tourism, Texas A&M University is a well-respected leader in the research and analysis of parkland dedication ordinances in Texas. The basis of staff recommendations is derived from consultation and his work as published in "Parkland Dedication Ordinances in Texas: A Missed Opportunity." [1]

City of Austin Parkland Dedication Requirements

The 2007 Parkland Dedication Ordinance No. 20070621-027 is part of the Land Development Code §25-1-601-606 that requires new residential development to dedicate land or pay fees to account for the impact new development creates on the park system. Currently, land is dedicated at 5 acres per 1,000 people or a **flat fee in-lieu** of land is allowed at $650 per dwelling unit. It

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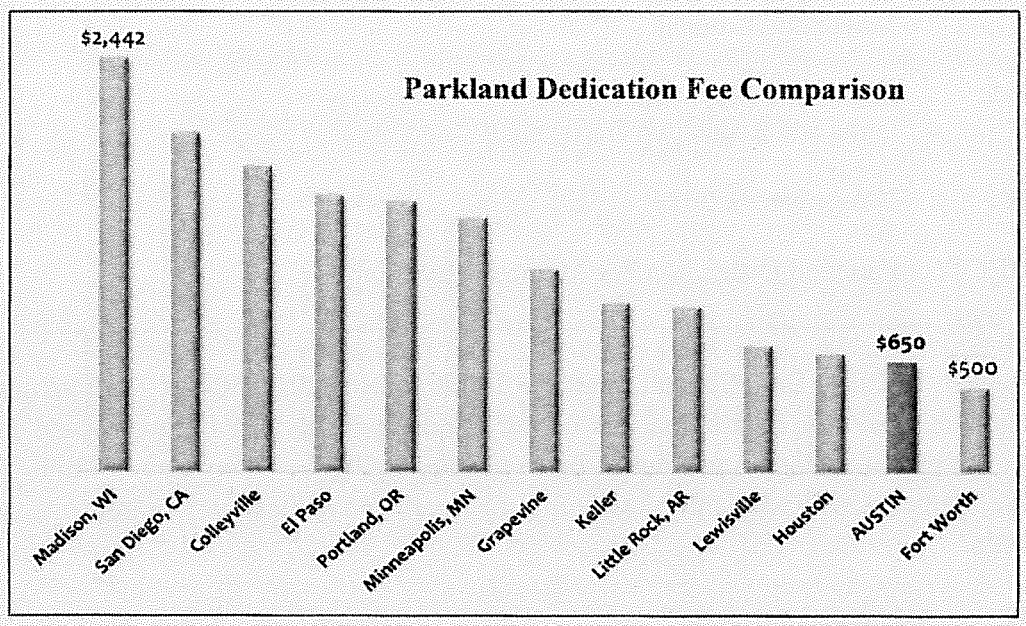
[1] Parkland Dedication Ordinances in Texas: A Missed Opportunity, by Dr. John L. Crompton, http://austintexas.gov/sites/default/files/files/Parks/Parkland_Development/parkland_crompton.pdf

should be noted that this fee has remained the same for the last decade and therefore, has not kept pace with the costs of parkland acquisition or development.

In analyzing the current fee structure, staff compared our parkland dedication fee structure to other cities in Texas and the nation. As the chart illustrates below, Austin's fee is lower than most cities surveyed.



Note: Dallas does not levy PLD fees. San Antonio's fee is based on variable property values plus a $250 park development fee making it difficult to compare to Austin's flat fee.

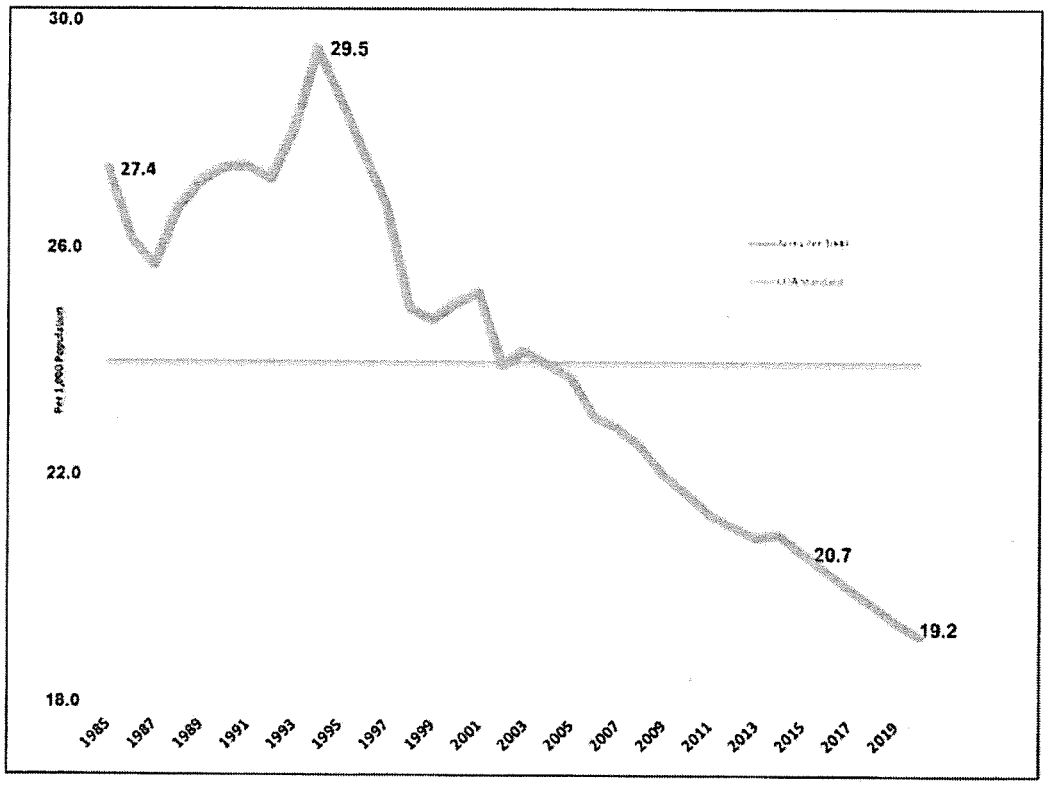
Staff also completed an analysis of current costs for land acquisition and park construction, and found that the current parkland dedication fee has not kept pace with increasing costs of acquisition and park development.

The Parks and Recreation Department (PARD) goal is to provide 24 acres of parkland per 1,000 residents. The City of Austin park acreage per 1,000 residents has steadily declined due to the population growth from a high of 29 acres in 1994 to 20 acres in the last 20 years. In 2009 City Council passed Resolution No. 20090111119-068 related to accessible family friendly parks. The goal requires acquiring parkland within ¼ mile of all residents in the urban core and ½ mile within the suburban core. While some gains have been made toward this goal with parkland dedication fees, bond funding has become the primary funding source for park land acquisition.

Because the current parkland dedication fee is inadequate and parkland acquisition bond funding has declined over the past 15 years, the acreage per resident is projected to decline, making it

difficult to meet Council's goal for creating accessible family-friendly parks within ¼-mile of neighborhoods in the urban core, or PARD's goal of 24 acres/1000 residents as Austin's population continues to increase.

Total Acres per 1,000 residents, 1985 to 2020



National Recreation and Park Association (NRPA) standards, PARD facility assessments and public comments indicate that the quality of life of existing residents is reduced as new residents move into the denser neighborhoods when no addition to the existing parkland acres or park facilities is made. For example, several neighborhoods experiencing growth, including 45th and Bull Creek; Crestview; Highland; Far West, and East Riverside are in need of additional park facilities, however, the current parkland fees do not provide the PARD adequate revenue to purchase acreage or add amenities in these areas to fulfill demands.

Dr. Crompton emphasizes that there are two mechanisms for cities to compensate for the demand created by new residents: 1) through increased taxes to pay for the new demand (through bonds), or 2) through parkland dedication fees that ensure new development pays for new park demands, thereby maintaining Austin's quality of life over the years to come.

On the other hand, when cities fail to implement one of the two mechanisms listed above, the quality of life for that city declines as the existing park system becomes over-burdened. Staff

consulted with Dr. Crompton on PARD's proposed parkland dedication methodology as presented below to ensure that the following recommendations are consistent with best practices.

Community Input to Date

After formulating preliminary PLD recommendations, PARD invited key stakeholders to a round table session to present the recommendations and gather input. The groups invited to the discussion were Real Estate Council of Austin, the Austin Apartment Association, the Greater Austin Builders Association, the Downtown Austin Alliance, the Executive Board of Austin Neighborhood Council, members of the Parks Board and the Community Development Commission. Due to a low turnout, a second round table discussion is planned prior to the December Parks and Recreation Board meeting.

Staff Recommendations

Staff recommendations are driven by the desire to maintain the current level of park service for Austin residents through access to pocket parks (typically less than 1 acre), neighborhood parks (typically less than 30 acres), and greenbelts that provide for connectivity of our park system. Current code only requires land or a Flat Fee In-Lieu of Land, but does not require a Park Development Fee to cover the cost of improvements to the land or park amenities for public use.

Recommendation 1: Land Requirement. Staff recommends the PLD code be amended to require 9.4 acres per 1,000 residents.

> Rationale: Currently the City of Austin provides 1 acre per 106 residence or 9.4 acres per 1,000 residences. To ensure the City of Austin maintains its current quality of life, staff recommends the PLD ordinance be amended to require a minimum of 9.4 acres per 1,000 (instead of 5 acres per 1,000).

Recommendation 2: Three-Tiered Fee In-Lieu of Land Structure. Staff recommends that Council approve a revised PLD Fee structure that shifts the City's requirements for residential development from the outdated $650/per dwelling unit flat-fee that applies regardless of the intensity of the development. Affordable dwelling units as certified by the Neighborhood Housing and Community Development Department will remain excluded from this requirement. Staff recommends a Three-Tiered Fee In-Lieu of Land structure as defined in the rationale below:

> Rationale: The average cost of land acquired by PARD is $39,000 per acre or $368 per resident.[2] Best practices for PLD Fee-in-Lieu structure as described in Crompton's model takes into account the impact to the local park system based on the level of intensity (or number of new people) of the residential project.

[2] The PLD Fee In- lieu of Land is derived as follows: $39,000/ 106 people per acres = $368 per person.

Tier 1: Low Density – with 2.8 people per household: $368 X 2.8 = **$1,030**
Tier 2: Medium Density – with 2.2 people per household: $368 X 2.2 = **$810**
Tier 3: High Density – with 1.7 people per household: $368 X 1.7 = **$626**

Recommendation 3: Add a Three-Tiered Park Development Fee. Staff recommends that the City adopt a new Three-Tiered Park Development fee to cover the costs of making improvements to undeveloped land for public purposes, as follows:

Tier 1: Low Density Fee-In-Lieu of Land $1030 + a Park Development Fee of **$521** = **$1,551**
Tier 2: Medium Density Fee-In-Lieu of Land $810 + a Park Development Fee of **$410** = **$1,220**
Tier 3: High Density Fee-In-Lieu of Land $626 + a Park Development Fee of **$317** = **$943**

Rationale: The Austin park system is comprised of 8,201 acres of pocket and neighborhood parks and greenbelt which serves an estimated 865,504 residents. The current level of service for these parks equates to 1 park acre per 4,306 people.[3] The average cost for developing these parks is $800,000 which includes the cost of park design and construction of site work, infrastructure, and basic park amenities including a pavilion, playscape, and picnic facilities.

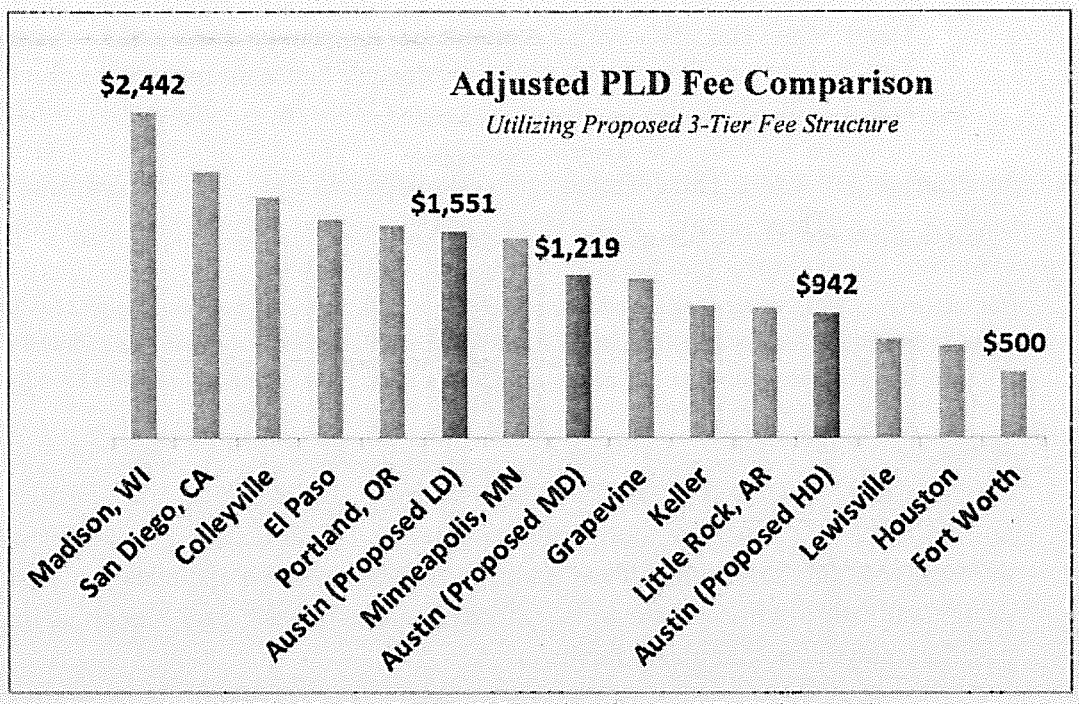
Recommendation 4: Incorporate the PLD Fee Structure into the Annual Fee Adoption Process. The PLD Fee Structure should be considered during Council's annual fee schedule adoption process. On an annual basis, PARD will determine the sufficiency of parkland by calculating the number of acres per 1,000 residents, the average cost of land acquisition and development, during the prior year, then make PLD Fee adjustment recommendations to Council for adoption.

Rationale: An annual review process will ensure that the City of Austin's PLD fee structure keeps pace with the fluctuating costs of land acquisition and park development.

Impacts of Proposed PLD Fee Changes

Should Council adopt the recommendations detailed above, Austin will be better equipped to address the demands for parks as the city grows. This new PLD Fee structure, if implemented, will be commensurate with the actual cost of parkland acquisition and development verses a flat fee. See Comparison Proposed Fee chart below.

[3] The current level of service is one developed park acre per 4,306 people. Cost of development per person is derived by calculating $800,000 / 4,306 = $186 per person to develop an average neighborhood park.



*[NOTE: **LD**=Low Density; **MD**=Medium Density; **HD**=High Density]*

Timing of PLD Fee Assessment in the Development Process

Staff is not recommending a change to the current ordinance language that requires assessment of parkland dedication at the time of residential subdivision and site plan application. However, staff is recommending that CodeNEXT revisions include pre-conference requirements with applicants on parkland dedication to ensure that applicants consider park configurations earlier in the design processes.

Explore Application of the Ordinance to Other Appropriate Uses

Staff is not recommending that parkland dedication requirements be applied to commercial development due to the difficulty in demonstrating that commercial employees generate additional demand for parks. Instead, there is a direct relationship between hotel occupants and park use, therefore, hotel-motel tax revenue should be considered in the future to offset that increased demand.

Align Existing Parkland Dedication Districts with Imagine Austin Planning Areas

The Parks and Recreation Department continues to align its planning processes with Imagine Austin principles on a daily basis through the Green Infrastructure and Healthy Communities priority programs and building blocks. However, Imagine Austin does not have any geographic boundaries with which to align the Department's Long-Range Plan. In its next Long-Range Plan update the Department may consider special planning for areas identified in Imagine Austin as centers and corridors. Currently, staff is working with the citywide teams on specific plans for centers and corridors (For example, Burnet-Anderson Corridor Plan).

Improve Transparency of the Sources and Uses of Funding

A Parkland Dedication webpage http://www.austintexas.gov/department/parkland-dedication was created to share information about the Ordinance. This page includes information about current projects, available funds, and how the funding is allocated. The use of the Capital Improvement Visualization, Information and Communication (CIVIC) website, the City's Public Information link to current and planned Capital Improvement Program project information and related maps is under staff review.

Next Steps- PLD Revised Fee Structure Implementation Plan

November 18, 2014	Presented PLD final recommendations for discussion and possible action.to the Parks and Recreation Board at its Special Called Meeting on November 18, 2014. The Parks and Recreation Board voted 6-0 to support the proposed parkland dedication fee adjustment.
December 2014	Conduct a final roundtable session with key stakeholder groups for comment and feedback.
October 2015	Amend *Chapter 25-1-602 DEDICATION OF PARKLAND REQUIRED* to align with staff recommendations, including updating the city's required amount of parkland to be dedicated for every 1,000 residents from 5 to 9.4 acres.
October 2015	Implement the new PLD Fee Structure as approved by Council

Should you have any questions pertaining to these recommendations, please contact Ricardo Soliz, Division Manager PARD Planning & Development at (512) 974.9452.

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