

**MEETING DATE:** August 25, 2008

**AGENDA ITEM :** Discussion of Various Development Related Taxes and Impact Fees in the Municipal Code.

**ATTACHMENTS**

|                                                             | <u>Pages</u> |
|-------------------------------------------------------------|--------------|
| 1. Summary Comparison of Development Taxes and Impact fees  | 1 – 2        |
| 2. Detailed Comparison of Development Taxes and Impact fees | 3 – 6        |

**Attachment 1:  
Development Taxes and Impact Fees  
Survey Summary**

| Description                           | Culver City                   | Beverly Hills                       | Hermosa Beach                | Inglewood                     | Los Angeles                                                        | Manhattan Beach         | Pasadena              | Santa Monica     | Torrance                |
|---------------------------------------|-------------------------------|-------------------------------------|------------------------------|-------------------------------|--------------------------------------------------------------------|-------------------------|-----------------------|------------------|-------------------------|
| Commercial Industrial Development Tax | 1.5% of bldg value            | n/a                                 | n/a                          | 1 % of bldg value             | n/a                                                                | n/a                     | 1.5% of bldg value    | n/a              | 1.5% of bldg value      |
| Condominium Tax                       | \$1,000 per unit              | min \$3,700 per unit converted only | n/a                          | \$600 per unit converted only | n/a                                                                | n/a                     | n/a                   | \$1,000 per unit | n/a                     |
| Dwelling Unit Construction Tax        | n/a                           | \$600 per new dwelling unit         | n/a                          | No                            | \$200 per du                                                       | \$700 per dwelling unit | n/a                   | \$1,000 per sfr  | \$550 per dwelling unit |
| Residential Development Tax           | n/a                           | n/a                                 | n/a                          | n/a                           | \$300 per du                                                       | n/a                     | n/a                   | n/a              | n/a                     |
| Parks and Recreational Facilities Tax | n/a                           | \$3.75 per sq. ft.                  | Fee set by reso              | min. \$175 per du             | n/a                                                                | n/a                     | n/a                   | \$200 per du     | \$550 per du            |
| New Development Impact Fee            | \$1 per sq ft                 | n/a                                 | n/a                          | n/a                           | n/a                                                                | n/a                     | min \$3.10 per sq ft  | n/a              | n/a                     |
| Art in Public Places In-Lieu Fee      | 1% of bldg value              | 1% of bldg value                    | n/a                          | n/a                           | min \$0.39 per sq ft                                               | 1% of bldg value        | n/a                   | n/a              | n/a                     |
| Parkland In-Lieu Fee                  | market value of park reqrmnt  | n/a                                 | market value of park reqrmnt | n/a                           | n/a                                                                | n/a                     | Fee set by resolution | n/a              | n/a                     |
| Solar Photovoltaic In-Lieu Fee        | market value or solar reqrmnt | n/a                                 | n/a                          | n/a                           | n/a                                                                | n/a                     | n/a                   | n/a              | n/a                     |
| Affordable Housing Mitigation Fee     | n/a                           | n/a                                 | n/a                          | n/a                           | Considering:<br>either max \$6 per sq ft; or<br>3.5% of bldg value | n/a                     | n/a                   | n/a              | n/a                     |

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Development Taxes and Impact Fees  
Survey Summary**

| Description                       | Culver City | Beverly Hills | Hermosa Beach | Inglewood | Los Angeles | Manhattan Beach | Pasadena | Santa Monica | Torrance                                                                                                                       |
|-----------------------------------|-------------|---------------|---------------|-----------|-------------|-----------------|----------|--------------|--------------------------------------------------------------------------------------------------------------------------------|
| Transportation Impact Fee         | n/a         | n/a           | n/a           | n/a       | n/a         | n/a             | n/a      | n/a          | <u>Residential</u><br>SFR - Exempt<br>MFR/Other - \$1,537 per unit                                                             |
| Utility Undergrounding Impact Fee | n/a         | n/a           | n/a           | n/a       | n/a         | n/a             | n/a      | n/a          | <u>Non Residential</u><br>Commercial<br>Local - \$5,158 per 1k sf<br>General - \$4,669 per 1k sf<br>Center - \$1,305 per 1k sf |
| Sewer Impact Fee                  | n/a         | n/a           | n/a           | n/a       | n/a         | n/a             | n/a      | n/a          | Industrial<br>Light - \$918 per 1k sf<br>Heavy - \$1,162 per 1k sf<br>Bus. park - \$1,441 per 1k sf                            |
| Fire Facilities Impact Fee        | n/a         | n/a           | n/a           | n/a       | n/a         | n/a             | n/a      | n/a          |                                                                                                                                |
| Police Facilities Impact Fee      | n/a         | n/a           | n/a           | n/a       | n/a         | n/a             | n/a      | n/a          |                                                                                                                                |

**Attachment 2:  
Comparison of Development Taxes and Impact Fees**

| Description                                  | Culver City                                                                                                                                                           | Beverly Hills                                                                                                                                                                                                                           | Hermosa Beach                                                                                                                                                                            | Inglewood                                                                                                                                                                               | Los Angeles                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Commercial Industrial Development Tax</b> | Tax on remodel or new commercial construction = <b>\$25 for first \$250k</b> of total building value plus 1.5% of the building valuation in excess of <b>\$250k</b> . | N/A                                                                                                                                                                                                                                     | N/A                                                                                                                                                                                      | <u>Nonresidential Construction Tax</u><br>Tax on all nonresidential construction = <b>1% of the total value of construction</b> .                                                       | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Condominium Tax</b>                       | Tax on new condominium construction OR buildings being converted to condominiums = <b>\$1,000 per dwelling unit</b> being sold or converted.                          | Tax only on buildings being converted to condominiums = <b>\$3,750 per dwelling unit</b> being converted. Newly constructed condos subject to Dwelling Unit tax below.                                                                  | N/A                                                                                                                                                                                      | Tax only on buildings being converted to condominiums = <b>\$600 per dwelling unit</b> being converted. Newly constructed condos subject to Dwelling Unit tax below.                    | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Dwelling Unit Construction Tax</b>        | N/A                                                                                                                                                                   | Tax on new residential construction = <b>\$596.85 per dwelling unit</b> plus <b>\$119.38</b> for ea. bedroom in dwelling unit                                                                                                           | N/A                                                                                                                                                                                      |                                                                                                                                                                                         | Every dwelling unit constructed, enlarged or remodeled in the City of Los Angeles pays <b>\$200.00</b> for each dwelling unit                                                                                                                                                                                                                                                                                                                            |
| <b>Residential Development Tax</b>           | N/A                                                                                                                                                                   | N/A                                                                                                                                                                                                                                     | N/A                                                                                                                                                                                      | N/A                                                                                                                                                                                     | Every dwelling unit constructed, enlarged or remodeled in the City of Los Angeles pays <b>\$300.00</b> for each dwelling unit.                                                                                                                                                                                                                                                                                                                           |
| <b>Parks and Recreational Facilities Tax</b> | N/A                                                                                                                                                                   | Tax on any new building, rebuild, or remodel = <b>\$3.75</b> per sq. ft. floor area. Used only for park facility improvements.                                                                                                          | Requires every person constructing a new dwelling unit to pay an amount <b>set by resolution of the city council</b> , with the amount of the tax adjusted on an annual basis using CPI. | Tax on new residential construction = <b>\$175</b> per dwelling unit of one (1) bedroom or less plus <b>\$50</b> for ea. bedroom in dwelling unit. Used for Park facility improvements. | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>New Development Impact Fee</b>            | Impact fee on nonresidential new development = <b>\$1 per sq. ft.</b> Used for traffic related capital improvements                                                   | N/A                                                                                                                                                                                                                                     | N/A                                                                                                                                                                                      | N/A                                                                                                                                                                                     | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Art in Public Places In-Lieu Fee</b>      | Requires public art component for all new residential bldgs more than 4 units and new commercial construction over <b>\$500k</b> = <b>1%</b> of total bldg valuation. | Requires public art component on new construction = <b>1%</b> of construction cost for bldgs <b>\$500k</b> to <b>\$1M</b> . <b>1.5%</b> of construction cost for bldgs over <b>\$1M</b> . Can pay in-lieu fee of 90% of required value. | N/A                                                                                                                                                                                      | N/A                                                                                                                                                                                     | The owner of a development project for a commercial or industrial building is required to pay an arts fee as follows:<br>1. Office or R&D bldg = <b>\$1.57</b> per sf<br>2. Retail bldg = <b>\$1.31</b> per sf<br>3. Manufacturing bldg = <b>\$0.51</b> per sf<br>4. Warehouse bldg = <b>\$0.39</b> per sf<br>5. Hotel bldg = <b>\$0.52</b> per sf<br>In no event shall the required arts fee exceed either <b>\$1.57</b> per gross sf of any structure. |

**Attachment 2:  
Comparison of Development Taxes and Impact Fees**

| Description                       | Culver City                                                                                                                                                                                                                                                                                                                              | Beverly Hills | Hermosa Beach                                                                                                                                                                                                                                                                                                                            | Inglewood | Los Angeles                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Parkland In-Lieu Fee              | Requires all new residential development and subdivisions of more than one unit to provide a set amount of parkland based on density factor of development or pay an in lieu fee = market value of parkland requirement as determined by a qualified real estate appraiser approved by the City. Use only for park facility improvements | N/A           | Requires all new residential development and subdivisions of more than one unit to provide a set amount of parkland based on density factor of development or pay an in lieu fee = market value of parkland requirement as determined by a qualified real estate appraiser approved by the City. Use only for park facility improvements | N/A       | N/A                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Solar Photovoltaic In-Lieu Fee    | Requires all new bldgs and major renovations over 10,000 sf to have 1kw solar voltaic system per 10,000 sf of gross floor area or pay in-lieu fee equal to the cost of installing the system in comparable project                                                                                                                       | N/A           | N/A                                                                                                                                                                                                                                                                                                                                      | N/A       | N/A                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Transportation Impact Fee         | N/A                                                                                                                                                                                                                                                                                                                                      | N/A           | N/A                                                                                                                                                                                                                                                                                                                                      | N/A       | N/A                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Utility Undergrounding Impact Fee |                                                                                                                                                                                                                                                                                                                                          |               |                                                                                                                                                                                                                                                                                                                                          |           |                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Storm Drain Impact Fee            |                                                                                                                                                                                                                                                                                                                                          |               |                                                                                                                                                                                                                                                                                                                                          |           |                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Sewer Impact Fee                  |                                                                                                                                                                                                                                                                                                                                          |               |                                                                                                                                                                                                                                                                                                                                          |           |                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Fire Facilities Impact Fee        |                                                                                                                                                                                                                                                                                                                                          |               |                                                                                                                                                                                                                                                                                                                                          |           |                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Police Facilities Impact Fee      |                                                                                                                                                                                                                                                                                                                                          |               |                                                                                                                                                                                                                                                                                                                                          |           |                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Affordable Housing Mitigation Fee | N/A                                                                                                                                                                                                                                                                                                                                      | N/A           | N/A                                                                                                                                                                                                                                                                                                                                      | N/A       | Placeholder for potential Affordable Housing Mitigation Fee Ordinance not yet in effect. If such an ordinance is adopted in the future, the required fee shall not exceed either \$5.00 per sq ft or 3.5 percent of the valuation of the project as determined by the Department of Building and Safety, whichever is lower. This fee shall be used to mitigate any affordable housing needs created by the project. |

**Attachment 2:  
Comparison of Development Taxes and Impact Fees**

| Description                                  | Manhattan Beach                                                                                                                                                | Pasadena                                                                                                                                                                                                                                                                                                                                                                                            | Santa Monica                                                                                                                                 | Torrance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Commercial Industrial Development Tax</b> | N/A                                                                                                                                                            | <u>Construction Tax:</u><br>Every building, swimming pool or similar permit issued by the planning, housing and development services department shall be subject to a construction tax at the rate of <b>1.5% of the value of the structures included in said permits</b> , or as may be subsequently adjusted by permit modifications.                                                             | N/A                                                                                                                                          | <u>Construction Tax:</u><br>Imposed on every person who constructs or alters any building or structure, excluding a dwelling unit or addition or accessory structure thereto, at the rate of <b>1.5% of the total value of all construction work</b> for which the building official requires a permit. The tax rate shall be <b>1% for any building or structure which is exempt from taxation as a low-income property or is constructed by a charitable organization as a 170(C)(2) in the IRS Code.</b> |
| <b>Condominium Tax</b>                       | N/A                                                                                                                                                            | N/A                                                                                                                                                                                                                                                                                                                                                                                                 | Tax on new condominium construction OR buildings being converted to condominiums = <b>\$1,000 per dwelling unit</b> being sold or converted. | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Dwelling Unit Construction Tax</b>        | Every person constructing any new dwelling unit in the City shall pay to the City the sum of <b>\$700.00 for each dwelling unit.</b>                           | N/A                                                                                                                                                                                                                                                                                                                                                                                                 | <u>Residential Dwelling Tax</u><br>Tax on new single family unit construction = <b>\$1,000 per planned salable single family unit.</b>       | Every dwelling unit constructed, enlarged or remodeled in the City of Torrance pays <b>\$750.00 for each dwelling unit</b> . The tax shall be adjusted in relation to the change, if any, in the Consumer Price Index, All Urban Consumers.                                                                                                                                                                                                                                                                 |
| <b>Residential Development Tax</b>           | N/A                                                                                                                                                            | N/A                                                                                                                                                                                                                                                                                                                                                                                                 | N/A                                                                                                                                          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Parks and Recreational Facilities Tax</b> | N/A                                                                                                                                                            | N/A                                                                                                                                                                                                                                                                                                                                                                                                 | Tax on any new dwelling unit = <b>\$200 per dwelling unit.</b> Used only for park facility improvements.                                     | Imposed on every person constructing any new dwelling unit in the City pays <b>\$550 for each dwelling unit.</b> Used only for Park facility improvements.                                                                                                                                                                                                                                                                                                                                                  |
| <b>New Development Impact Fee</b>            | N/A                                                                                                                                                            | <u>Traffic Reduction and Transportation Improvement Fund:</u><br>Impact fee on all new development for traffic related improvements as follows:<br>1. New industrial use: <b>\$3.10 per square foot</b><br>2. New office use: <b>\$3.72 per square foot</b><br>3. New retail use: <b>\$8.62 per square foot</b><br>4. New residential use: <b>\$2,480 per new unit</b><br>Increased annually by CPI | N/A                                                                                                                                          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Art in Public Places In-Lieu Fee</b>      | Requires public art component for all new residential bldgs more than 4 units and new commercial construction over <b>\$500k = 1% of total bldg valuation.</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                 | N/A                                                                                                                                          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

**Attachment 2:  
Comparison of Development Taxes and Impact Fees**

| Description                       | Manhattan Beach | Pasadena                                                                                                                                                                                                                            | Santa Monica | Torrance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Parkland In-Lieu Fee              | N/A             | <u>Residential Impact Fee:</u><br>Requires all new residential development and subdivisions to provide parkland based on number of bedrooms in residence. <b>Fee is set by resolution.</b> Use only for park facility improvements. | N/A          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Solar Photovoltaic In-Lieu Fee    | N/A             | N/A                                                                                                                                                                                                                                 | N/A          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Transportation Impact Fee         | N/A             | N/A                                                                                                                                                                                                                                 | N/A          | <p>New residential and non-residential development in the City of Torrance are required to pay an impact fee for residential and non-residential buildings in an amount established by resolution of the City Council as follows:</p> <p><b><u>Residential</u></b><br/>SFR - Exempt<br/>MFR/Other - \$1,537 per unit</p> <p><b><u>Non Residential</u></b><br/><i>Commercial</i><br/>Local - \$5,158 per 1,000 sf<br/>General - \$4,669 per 1,000 sf<br/>Center - \$1,305 per 1,000 sf<br/><i>Industrial</i><br/>Light - \$918 per 1,000 sf<br/>Heavy - \$1,162 per 1,000 sf<br/>Bus. park - \$1,441 per 1,000 sf</p> |
| Utility Undergrounding Impact Fee |                 |                                                                                                                                                                                                                                     |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Storm Drain Impact Fee            |                 |                                                                                                                                                                                                                                     |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Sewer Impact Fee                  |                 |                                                                                                                                                                                                                                     |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Fire Facilities Impact Fee        |                 |                                                                                                                                                                                                                                     |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Police Facilities Impact Fee      |                 |                                                                                                                                                                                                                                     |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Affordable Housing Mitigation Fee | N/A             | N/A                                                                                                                                                                                                                                 | N/A          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |