

DRAFT MEMORANDUM

To: City of Culver City
From: Economic & Planning Systems, Inc.
Subject: Transportation Impact Fee Program Economic Analysis
Date: May 20, 2021

The Economics of Land Use



This memorandum presents an economic analysis of the proposed transportation impact fee for the City of Culver City (City). It has been prepared by Economic & Planning Systems (EPS) in coordination with Fehr & Peers, the transportation consultant retained by the City to develop the transportation impact fee nexus study. The analysis includes comparisons of the City's development impact fee program, including the proposed transportation impact fee, to the impact fee programs of seven neighboring jurisdictions. The jurisdictions were selected in consultation with City staff and Fehr & Peers and include: Santa Monica, West Los Angeles¹, West Hollywood, Pasadena, Glendale, Burbank, and Beverly Hills.

The analysis compares both the actual dollar amount of the fees across jurisdictions and the burden that the fees represent relative to the estimated value of new development. This comparison is intended to provide economic and market context for the City as it considers the appropriate fee levels for the transportation impact fee program.

Since the cost of new development is affected by all impact fees regardless of their particular use, the comparison looks at all development impact fees charged in the study jurisdictions, in addition to transportation impact fees. This includes impact fees for transportation, parks, affordable housing, libraries, childcare, and public art. The comparison does not include fees on new development that are primarily meant to cover staff costs, such as permit fees.

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¹ Comprises the West Los Angeles Transportation Improvement and Mitigation Specific Plan area. Developments in this area pay distinct transportation impact fees as well as a citywide impact fees levied by the City of Los Angeles in the categories of parks and recreation, affordable housing, and public art.

The comparison looks at fee levels levied on single family residential, multifamily residential, retail, office, light industrial, and lodging uses. The proposed transportation impact fee program for the City includes five additional distinct land uses—medical office, hospital, movie studio, warehouse, and schools. EPS’s research found that there were only two neighboring jurisdictions that charged distinct fees on any of these land uses, and for some uses there were no other jurisdictions charging distinct fees on them. In addition, development value data on these uses was limited. Therefore, EPS has not included a separate comparison for these land uses in the following analysis, but references the corresponding fees charged in neighboring jurisdictions where relevant.

To account for cases where fees are levied on different basis across the jurisdictions (e.g. per unit versus per square feet or per bedroom for residential and hotel development), EPS established a prototype unit for these land use categories and calculated the fee that would be levied on that prototype. This allows for an “apples to apples” comparison of fees. The prototype used for each land use category is described in the corresponding sections below.

Key Findings

1. **While the proposed transportation impact fees for Culver City are well above the amount currently charged, they would be aligned with, and in some cases still be lower than, transportation impact fees currently charged in several of its neighboring cities.** The City’s current New Development Fee, which is used for transportation infrastructure projects, is just \$1.00 per square foot—well below any of its neighbors with transportation impact fees. In adopting the proposed fee levels, the City would be more aligned with fee levels charged in neighboring cities such as Santa Monica, Los Angeles, and Pasadena.
2. **If the proposed transportation fee levels were adopted, Culver City’s total development impact fee amount would in the middle of the range of impact fee levels charged in neighboring jurisdictions for most land uses.** Even with the addition of the transportation impact fee, Culver City’s fees would be lower than those charged in Santa Monica and West Los Angeles for most land uses. For some land uses, the City’s fee would be higher than West Hollywood, Pasadena, Glendale, and Beverly Hills, but for others the fees would be lower. For all land uses, Culver City’s fees would be higher than those charged in Burbank.
3. **If the proposed transportation fee levels were adopted, Culver City’s development impact fees as a percent of development value would be lower than most of its neighbors on residential uses, and in the middle of the range of fee burdens in other cities on non-residential uses.** When the new transportation impact fees are layered on top of existing impact fees, the overall fee burden on residential uses in the City increase from 0.8-1.5 percent to 1.4-2.2 percent of development value—in line with Santa Monica and West LA and lower than Pasadena and Glendale. For non-residential uses, the burden increases from 0.7-1.9 percent of development value to 1.3-3.6 percent of development value. In the case of retail, office, and industrial uses, the increased fee burden would be around the middle of the range among its neighbors with the adoption of the proposed transportation fee levels. However, the City’s fee burden on lodging uses would be higher than all of the neighboring cities.

Fee Categories

Table 1 and **Table 2** illustrates the fee categories that have been adopted by each of the peer jurisdictions for residential and non-residential land uses. These tables demonstrates that parks and recreation fees on residential development and public art fees on residential and non-residential development are common among all eight cities (including Culver City). Most cities have transportation fees on new development as well; in Culver City, there is a fee levied on new non-residential development only that is used for transportation infrastructure (the New Development Fee). Several cities also have affordable housing fees on non-residential development, with Culver City and Burbank currently studying the establishment of such a fee (also known as a commercial linkage fee). Less common impact fee categories include childcare, public safety, and library fees.

It is important to note that this table does not indicate if a city has an inclusionary zoning policy, which requires developers of new residential properties to either provide a certain proportion of new units at affordable levels or to pay an equivalent in-lieu fee, since payment of the fee is not a requirement but rather an option for complying with the policy. Nearly all of the studied jurisdictions have an inclusionary housing policy, including Culver City, which adopted its policy in 2021.

Table 1 Residential Development Impact Fee Categories in Peer Jurisdictions

Fee Category	Culver City	Santa Monica	West LA	West Hollywood	Pasadena	Glendale	Burbank	Beverly Hills
Transportation		x	x	x	x		x	
Parks and Recreation	x	x	x	x	x	x	x	x
Public Art	x	x	x	x	x	x	x	x
Childcare		x		x				
Public Safety							x	
Library						x	x	
Other	Condo Tax							Dwelling Unit Tax

Source: EPS

Table 2 Non-Residential Development Impact Fee Categories in Peer Jurisdictions

Fee Category	Culver City [1]	Santa Monica	West LA	West Hollywood	Pasadena	Glendale	Burbank	Beverly Hills
Transportation	x	x	x	x	x		x	
Parks and Recreation		x		x		x	x	x
Affordable Housing		x	x	x		x		
Public Art	x	x	x	x	x	x	x	x
Childcare		x		x				
Public Safety							x	
Library						x	x	
Other	Commercial/ Industrial Tax							

[1] Culver City charges a "New Development Fee" on commercial development that typically goes towards transportation infrastructure. It only applies to projects over 5,000 sq. ft.

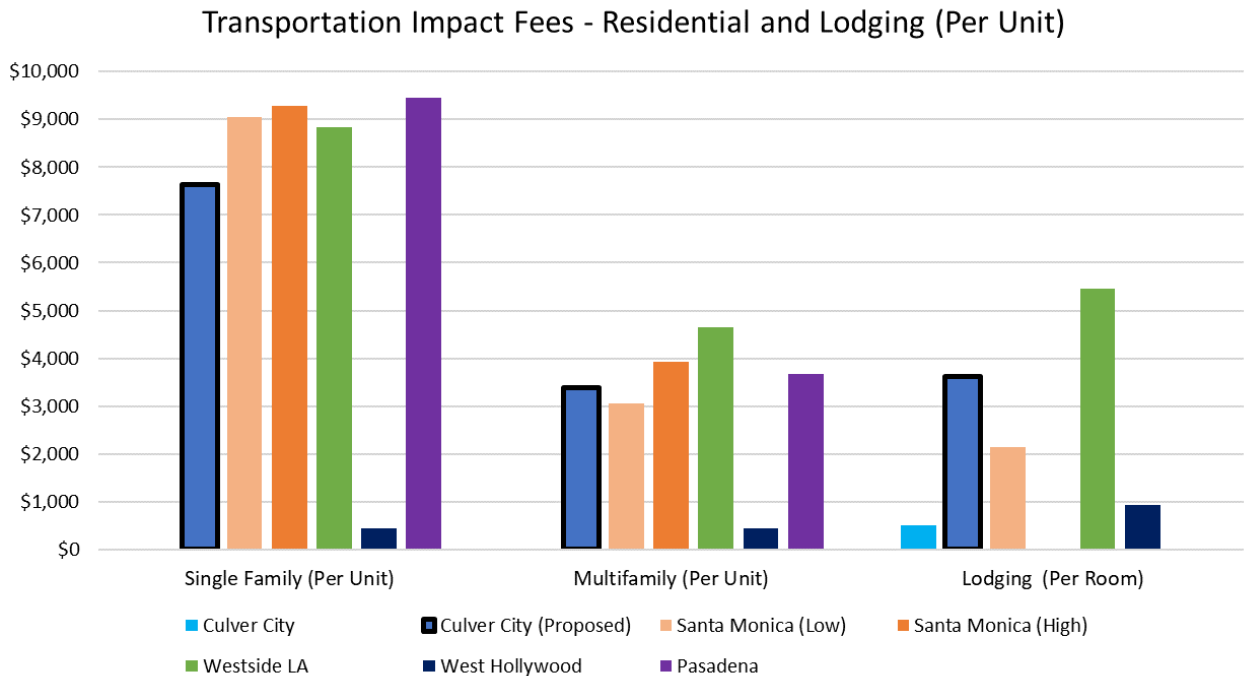
Source: EPS

Fee Level Comparisons

Figure 1 and **Figure 2** illustrate the comparison of transportation fees across the eight jurisdictions for the analyzed land uses. The figures include both Culver City’s current New Development Fee of \$1.00 per square foot (which is not charged on residential development) and the proposed transportation impact fee amounts. The City intends to continue to charge the New Development Fee after the new transportation impact fee is adopted—this is not reflected in the following two charts, but is reflected in the total fee program comparisons that follow.

As demonstrated in these figures, while the proposed transportation impact fee for Culver City is well above the amount currently charged under the New Development Fee, it would be aligned with, and in some cases would still be lower than, transportation impact fees currently charged in several neighboring cities, including Santa Monica, Los Angeles, and Pasadena. Additionally, while the proposed transportation fee in Culver City would outstrip the transportation impact fees charged in West Hollywood and Burbank, it is worth noting that these cities have not updated their transportation impact fee programs in many years and both are in the process of considering updates to those programs.

Figure 1 Transportation Impact Fees – Residential and Lodging Uses



Notes:

For fees levied on a per sq. ft. or per bedroom basis, this table assumes a three bedroom, 1,800 sq. ft. unit for single family, a two bedroom, 1,100 square foot unit for multifamily, and 500 sq. ft. room for lodging.

Culver City does not levy a transportation fee (New Development Fee) on residential projects.

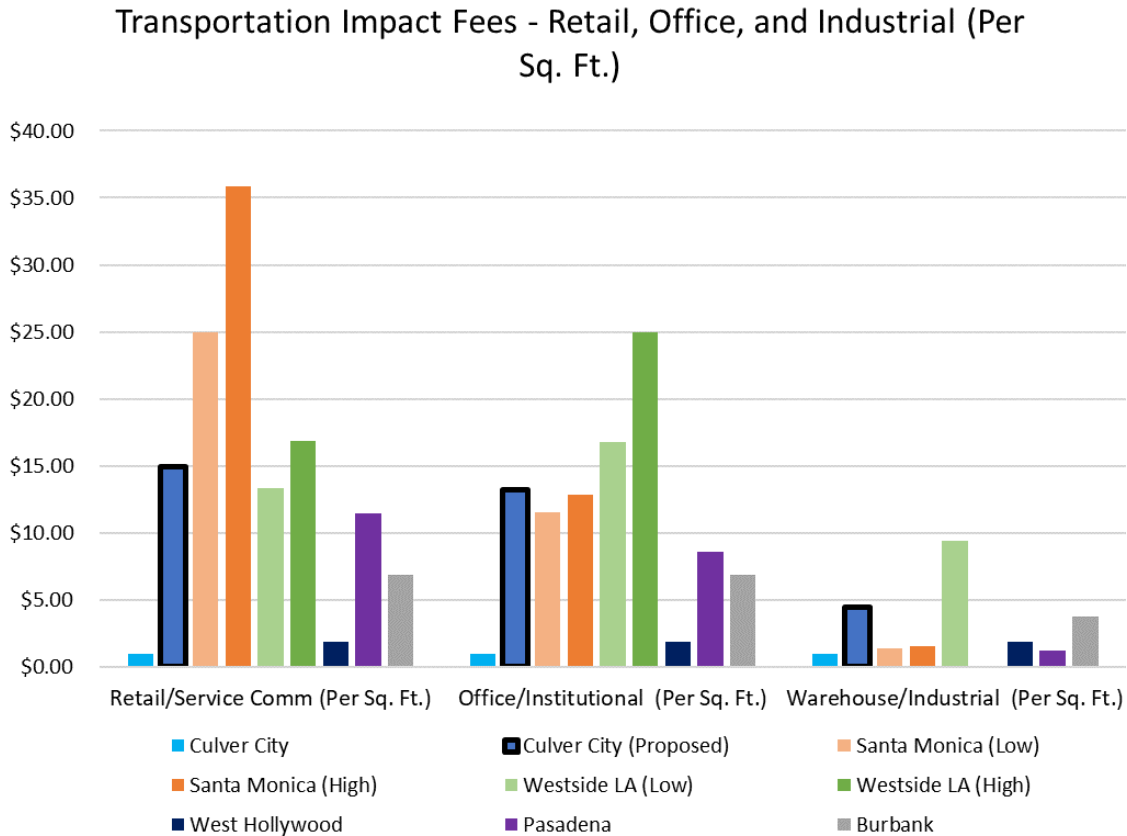
Burbank does not levy transportation impact fees on residential or lodging uses

Pasadena does not levy a transportation impact fee on lodging uses

Glendale and Beverly Hills do not currently have transportation impact fees.

Source: EPS; Fehr & Peers; City websites

Figure 2 Transportation Impact Fees – Retail, Office, and Industrial Uses

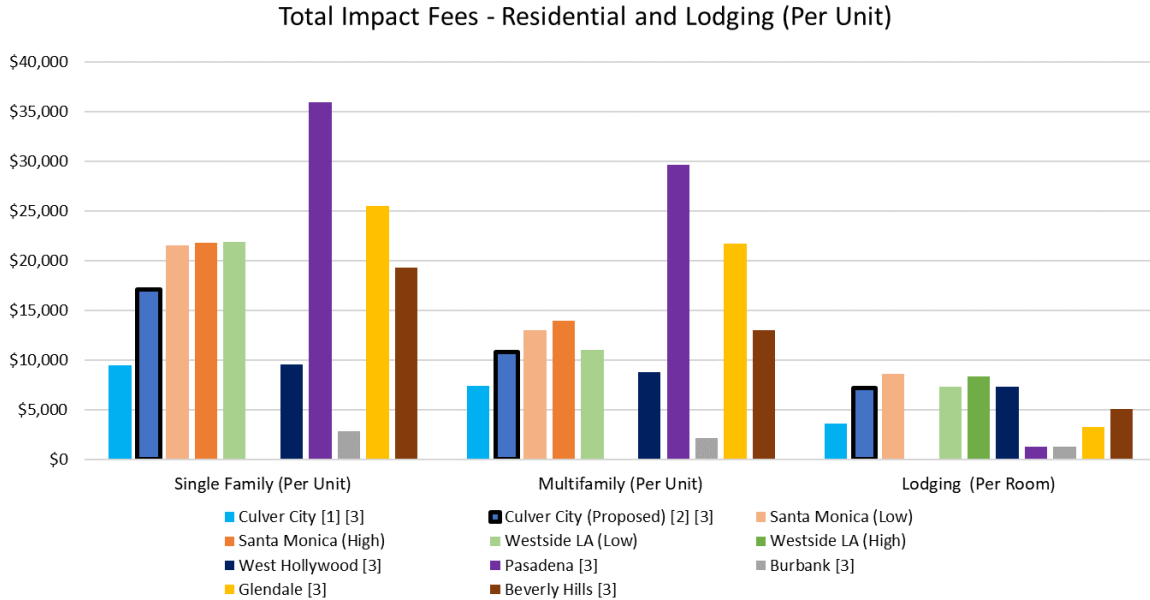


Notes:
 Glendale and Beverly Hills do not currently have transportation impact fees.
 Source: EPS; Fehr & Peers; City websites

Figure 3 and **Figure 4** illustrate the comparison of all impact fees across the eight jurisdictions for the analyzed land uses. The figures include estimates for fee charged as a percent of building/construction value—specifically, public arts fees and Culver City’s Commercial/Industrial tax—as well as an estimate of Culver City’s parks and recreation fee, based the City’s parks service standard, density assumptions, and fee levels charged on recent new development. The construction values used to estimate the public arts and commercial/industrial tax are provided in **Table A-1**.

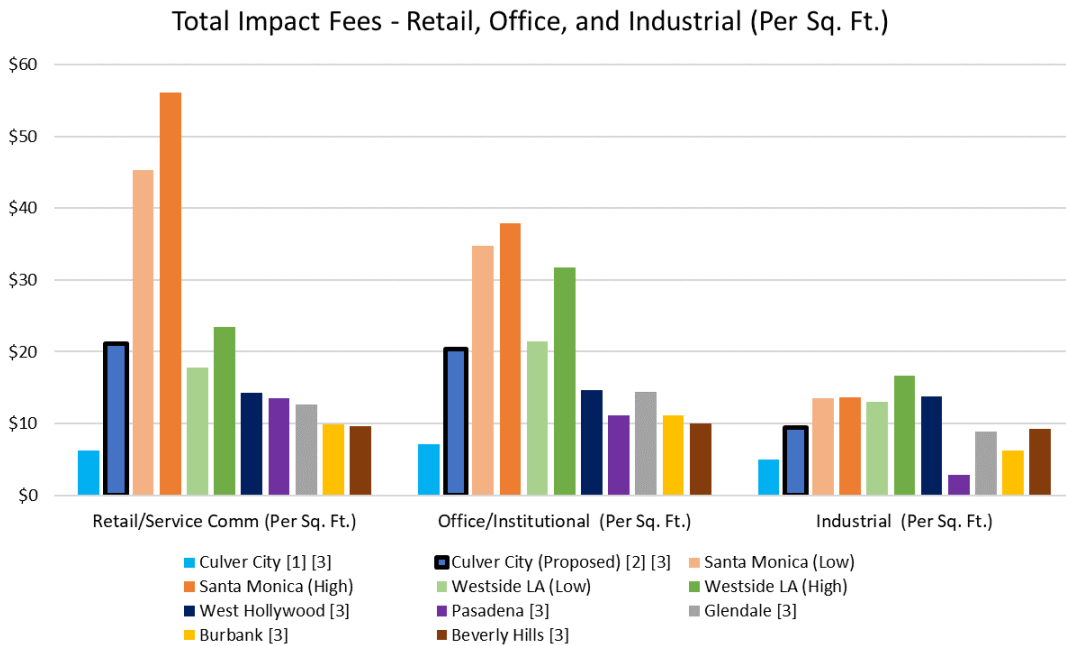
As demonstrated in these figures, with the addition of the new transportation impact fee, Culver City’s impact fees would be higher than its current fee levels but not the highest among its neighbors. For all land uses, the City’s total impact fee would be aligned with or below those of Santa Monica and West Los Angeles. For residential uses, the City’s fees would also be below Pasadena, Glendale, and Beverly Hills’ fee levels. For retail and office uses, Culver City would have lower fees than Santa Monica and West Los Angeles but higher fees than the other neighboring cities. For lodging and industrial uses, Culver City would have lower or similar fees to Santa Monica, West Los Angeles, and West Hollywood, and higher fees than the other neighboring cities.

Figure 3 Total Impact Fees – Residential and Lodging Uses



Notes:
 For fees levied on a per sq. ft. or per bedroom basis, this table assumes a three bedroom, 1,800 sq. ft. unit for single family, a two bedroom, 1,100 square foot unit for multifamily, and 500 sq. ft. room for lodging.
 [1] Includes commercial/industrial development tax equivalent to 1.5% of building value, and estimate for parks and recreation fee based on recent fee levels charged.
 [2] Culver City's proposed fee levels include all existing fees, including the New Development Fee currently used for transportation infrastructure, plus the proposed new transportation impact fee.
 [3] Includes public arts fee charged as a percentage of building value.
 Source: EPS; Fehr & Peers; City websites

Figure 4 Total Impact Fees – Retail, Office, and Industrial Uses



Notes:
 [1] Includes commercial/industrial development tax equivalent to 1.5% of building value. The City is also considering an affordable housing linkage fee.
 [2] Culver City's proposed fee levels include all existing fees, including the New Development Fee currently used for transportation infrastructure, plus the proposed new transportation impact fee.
 [3] Includes public arts fee charged as a percentage of building value.
 Source: EPS; Fehr & Peers; City websites

The following sections detail the total impact fees levied for each analyzed land use across the studied jurisdictions.

Single Family Residential

Table 3 presents the fee comparisons for single family residential units on a per unit basis. The prototype unit utilized for this category is a three-bedroom, 1,800 square foot house. Among the comparison cities, Santa Monica and Pasadena have the highest transportation impact fees. Pasadena and Glendale have the highest overall impact fees, primarily driven by their parks and recreation fees. Culver City's proposed transportation fee would be the second-lowest among the five cities that levy transportation fees on single family uses, and its overall impact fee would be third-lowest among all the neighboring cities.

The proposed transportation fee program also includes a fee for accessory dwelling units (ADUs) over 750 square feet, equivalent to 50 percent of the single family residential fee. This approach to fees on ADUs is consistent with State regulation, which dictates that impact fees cannot be levied on ADUs smaller than 750 square feet, and fees levied on larger ADUs should be proportional to the primary unit size and cannot exceed 50 percent of the fee for the primary unit type. Setting a single fee at the maximum allowable 50 percent of the primary unit fee will simplify the fee calculation and is an approach utilized in other California cities.

Multifamily Residential

Table 4 presents the fee comparisons for multifamily residential units on a per unit basis. The prototype unit utilized for this category is a two-bedroom, 1,100 square foot apartment. Among the comparison cities, West Los Angeles has the highest transportation impact fees. Pasadena and Glendale have the highest overall impact fees, primarily driven by their parks and recreation fees. Culver City's proposed transportation fee would be the second-lowest among the five cities that levy transportation fees on multifamily uses, and its total impact fee level would be third-lowest among all the neighboring jurisdictions.

Table 3 Impact Fees for Single Family Residential Land Use (Per Unit)

Single Family Residential (Per Unit)*

Fee Category	Culver City [1]	Culver City Proposed	Santa Monica [2]	West LA [3]	West Hollywood	Pasadena [4]	Glendale	Burbank	Beverly Hills [5]
Transportation	Not Applicable	\$7,636	\$9,049 - \$9,287	\$8,847	\$448	\$9,459	None	Not Applicable	None
Parks and Recreation	\$4,752		\$8,727	\$12,998	\$5,380	\$26,447	\$19,883	\$1,475	\$13,680
Affordable Housing	None		Not Applicable	In-Lieu	Not Applicable	None	Not Applicable	None	None
Public Art [6]	\$3,690		\$3,600	Not Applicable	\$3,690	Not Applicable	\$3,690	Not Applicable	\$3,690
Childcare	None		\$159	None	Not Applicable	None	None	None	None
Public Safety	None		None	None	None	None	None	\$375	None
Library	None		None	None	None	None	\$1,945	\$996	None
Other	\$1,000		None	None	None	None	None	None	\$1,947
TOTAL	\$9,442	\$17,078	\$21,535 - \$21,774	\$21,845	\$9,518	\$35,906	\$25,518	\$2,846	\$19,317

Source: EPS; City websites

*For fees levied on a per sq. ft. or per bedroom basis, this table assumes a three bedroom, 1,800 square foot unit.

[1] Culver City charges a "New Development Fee" that typically goes towards transportation infrastructure. The fee is not levied on residential projects. The City also levies a per unit Condominium Tax of \$1,000 on new residential units. Culver City's parks and recreation fee for single family detached units is based on fair market value of land, a service level of 3 acres per 1,000 residents, and a density of 2.75 persons per household; the indicated fee is an estimate based on fees charged on recent projects. The fee is currently being updated.

[2] Santa Monica's transportation fee is based on location of project. Santa Monica's public arts fee is levied at \$2.00 per square foot.

[3] The City of Los Angeles affordable housing linkage fee is based on location of the project.

[4] Pasadena's parks and parks facility fee is tiered based on number of bedrooms.

[5] Beverly Hills' parks fee is levied at \$7.60 per square foot. Beverly Hills levies a per unit Dwelling Unit tax equal to \$1,218.85 plus \$242.65 per bedroom.

[6] Culver City, West Hollywood, and Glendale levy public arts fee equivalent to 1 percent of building costs (see Appendix Table A-1). Beverly Hills levies a public arts fee equivalent to 1 percent of building costs for projects up to \$1,000,000 and 1.5 percent of building costs for projects exceeding \$1,000,000. The lower fee level is assumed here.

Table 4 Impact Fees for Multifamily Residential Land Use (Per Unit)

Multifamily Residential (Per Unit)*										
Fee Category	Culver City [1]	Culver City Proposed	Santa Monica [2]	West LA [3]	West Hollywood	Pasadena [4]	Glendale	Burbank	Beverly Hills [5]	
Transportation	Not Applicable	\$3,394	\$3,046 - \$3,929	\$4,646	\$448	\$3,663	None	Not Applicable	None	
Parks and Recreation	\$3,456		\$7,618	\$6,372	\$5,380	\$22,998	\$17,080	\$1,092	\$8,360	
Affordable Housing	None		In-Lieu	In-Lieu	In-Lieu	None	In-Lieu	None	None	
Public Art [6]	\$2,970		\$2,200	Not Applicable	\$2,970	\$2,970	\$2,970	Not Applicable	\$2,970	
Childcare	None		\$159	None	Not Applicable	None	None	None	None	
Public Safety	None		None	None	None	None	None	\$277	None	
Library	None		None	None	None	None	\$1,671	\$737	None	
Other	\$1,000		None	None	None	None	None	None	\$1,704	
TOTAL	\$7,426	\$10,820	\$13,022 - \$13,906	\$11,018	\$8,798	\$29,631	\$21,721	\$2,106	\$13,034	

Source: EPS; City websites

*For fees levied on a per sq. ft. or per bedroom basis, this table assumes a two bedroom, 1,100 square foot unit.

[1] Culver City charges a "New Development Fee" that typically goes towards transportation infrastructure. This fee is not levied on residential projects. The City also levies a per unit Condominium Tax of \$1,000 on new residential units. Culver City's parks and recreation fee for multifamily units is based on fair market value of land, a service level of 3 acres per 1,000 residents, and a density of 2 persons per household; the indicated fee is an estimate based on fees charged on recent projects. The fee is currently being updated.

[2] Santa Monica's transportation fee is based on location of project. Santa Monica charges different parks fees for studio/1BR units and 2BR or larger units. Santa Monica's public arts fee is levied at \$2.00 per square foot.

[3] The City of Los Angeles affordable housing linkage fee is based on location of the project.

[4] Pasadena's parks and parks facility fee is tiered based on number of bedrooms.

[5] Beverly Hills' parks fee is levied at \$7.60 per square foot. Beverly Hills levies a per unit Dwelling Unit tax equal to \$1,218.85 plus \$242.65 per bedroom.

[6] Culver City, West Hollywood, Glendale, and Pasadena levy public arts fee equivalent to 1 percent of building costs (see Appendix Table A-1). Beverly Hills levies a public arts fee equivalent to 1 percent of building costs for projects up to \$1,000,000 and 1.5 percent of building costs for projects exceeding \$1,000,000. The lower fee level is assumed here.

Retail

Table 5 presents the fee comparison for retail development on a per square foot basis. Among the comparison cities, Santa Monica has the highest transportation impact fees and the highest overall impact fee level. Culver City's proposed transportation fee would be in the middle among the six cities that levy transportation fees on retail uses, and its overall fee level would be third-highest among all neighboring jurisdictions.

Office

Table 6 presents the fee comparison for office development on a per square foot basis. Among the comparison cities, West LA has the highest transportation impact fees, and Santa Monica has the highest overall fee level. Culver City's proposed transportation fee would be the third-highest among the six cities that levy transportation fees on office uses, and its overall fee level would be third-highest among all neighboring jurisdictions.

Table 6 includes the fees charged for general and creative office uses. Santa Monica charges a distinct fee on medical office uses, ranging from \$33.46 to \$35.48 per square foot depending on location within the city, and on hospital uses, at \$1.45 per square foot. The proposed transportation impact fee for Culver City would include a fee on medical office uses of \$21.15 per square foot, lower than Santa Monica, and on hospital uses of \$5.93 per square foot, higher than Santa Monica. It is important to note that although medical office use does have a higher transportation impact than general office use, the buildings housing these uses can often be interchangeable. Therefore, if the City sets a higher fee on medical office use as compared to general office use (\$21.15 versus \$13.25 per square foot), it may incentivize developers to not reveal that the intended tenants for a proposed office building are medical office users if given the option.

Industrial

Table 7 presents the fee comparison for industrial development on a per square foot basis. Among the comparison cities, West LA has the highest transportation impact fees and highest overall impact fees. Culver City's proposed transportation fee would be the second-highest among the six cities that levy transportation fees on industrial uses, and its overall fee level would be in the middle of all the neighboring jurisdictions.

Table 7 includes the fees charged for general industrial uses. West LA charges a distinct transportation fees for warehouse and mini-warehouse/self-storage uses, which ranges from \$3.36 to \$4.13 per square foot. The proposed transportation impact fee for Culver City would include a fee on warehouse/self-storage uses of \$1.54 per square foot, lower than West LA.

Lodging

Table 8 presents the fee comparison for lodging development on a per room basis. The prototype room is 500 gross square feet, which includes common area. Among the comparison cities, West LA has the highest transportation impact fees, and Santa Monica has the highest overall fees. Culver City's proposed transportation fee would be the second-highest among the four cities that levy transportation fees on lodging uses, and its overall fee level would be in the middle of all the neighboring jurisdictions.

Table 5 Impact Fees for Retail Land Use (Per Sq. Ft.)

Fee Category	Culver City [1]	Culver City Proposed [2]	Santa Monica [3]	West LA [4]	West Hollywood	Pasadena	Glendale	Burbank	Beverly Hills
Transportation	\$1.00	\$14.92	\$25.01 - \$35.84	\$13.35 - \$16.90	\$1.85	\$11.46	None	\$6.85	None
Parks and Recreation	Not Applicable		\$1.71	Not Applicable	\$0.79	Not Applicable	\$6.04	\$0.49	\$7.60
Affordable Housing	In process		\$11.14	\$3.11 - \$5.19	\$8.92	None	\$4.00	None	None
Public Art [5]	\$2.08		\$2.00	\$1.31	\$2.08	\$2.08	\$2.08	\$2.08	\$2.08
Childcare	None		\$5.40	None	\$0.65	None	None	None	None
Public Safety	None		None	None	None	None	None	\$0.14	None
Library	None		None	None	None	None	\$0.46	\$0.33	None
Other	\$3.12		None	None	None	None	None	None	None
TOTAL	\$6.20	\$21.12	\$45.26 - \$56.09	\$17.77 - \$23.40	\$14.29	\$13.54	\$12.58	\$9.89	\$9.68

Source: EPS; City websites

[1] Culver City charges a "New Development Fee" of \$1.00 per square foot that typically goes towards transportation infrastructure, and a commercial/industrial tax equivalent to 1.5 percent of building cost that goes towards discretionary general fund revenue (see Appendix Table A-1). Culver City is currently considering adoption of a \$5.00 per square foot affordable housing linkage fee on commercial development.

[2] Culver City's proposed fee levels include all existing fees, including the New Development Fee currently used for transportation infrastructure, plus the proposed new transportation impact fee.

[3] Santa Monica's transportation fee is based on location of project.

[4] The West LA transportation fee is based on size of retail development. The City of Los Angeles affordable housing linkage fee is based on location of the project.

[5] Culver City, West Hollywood, Glendale, Pasadena, and Burbank levy public arts fee equivalent to 1 percent of building costs (see Appendix Table A-1). Beverly Hills levies a public arts fee equivalent to 1 percent of building costs for projects up to \$1,000,000 and 1.5 percent of building costs for projects exceeding \$1,000,000. The lower fee level is assumed here.

Table 6 Impact Fees for Office Land Use (Per Sq. Ft.)

Fee Category	Culver City [1]	Culver City Proposed [2]	Santa Monica [3]	West LA [4]	West Hollywood	Pasadena	Glendale	Burbank	Beverly Hills
Transportation	\$1.00	\$13.25	\$11.55 - \$12.86	\$16.75 - \$25.00	\$1.85	\$8.63	None	\$6.85	None
Parks and Recreation	Not Applicable		\$2.64	Not Applicable	\$0.79	Not Applicable	\$7.36	\$0.94	\$7.60
Affordable Housing	In process		\$10.96 - \$12.81	\$3.11 - \$5.19	\$8.92	None	\$4.00	None	None
Public Art [5]	\$2.46		\$2.00	\$1.57	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46
Childcare	None		\$7.55	None	\$0.65	None	None	None	None
Public Safety	None		None	None	None	None	None	\$0.22	None
Library	None		None	None	None	None	\$0.56	\$0.63	None
Other	\$3.69		None	None	None	None	None	None	None
TOTAL	\$7.15	\$20.40	\$34.70 - \$37.86	\$21.43 - \$31.76	\$14.67	\$11.09	\$14.38	\$11.10	\$10.06

Source: EPS; City websites

[1] Culver City charges a "New Development Fee" of \$1.00 per square foot that typically goes towards transportation infrastructure, and a commercial/industrial tax equivalent to 1.5 percent of building cost that goes towards discretionary general fund revenue (see Appendix Table A-1). Culver City is currently considering adoption of a \$5.00 per square foot affordable housing linkage fee on commercial development.

[2] Culver City's proposed fee levels include all existing fees, including the New Development Fee currently used for transportation infrastructure, plus the proposed new transportation impact fee.

[3] Santa Monica's transportation fee is based on location of project. Santa Monica levies distinct affordable housing fees on general office and creative office.

[4] The West LA transportation fee is based on size of office development. The City of Los Angeles affordable housing linkage fee is based on location of the project.

[5] Culver City, West Hollywood, Glendale, Pasadena, and Burbank levy public arts fee equivalent to 1 percent of building costs (see Appendix Table A-1). Beverly Hills levies a public arts fee equivalent to 1 percent of building costs for projects up to \$1,000,000 and 1.5 percent of building costs for projects exceeding \$1,000,000. The lower fee level is assumed here.

Table 7 Impact Fees for Industrial Land Use (Per Sq. Ft.)

Transportation	\$1.00	\$4.44	\$1.42 - \$1.56	\$9.43 - \$10.98	\$1.85	\$1.19	None	\$3.75	None
Parks and Recreation	Not Applicable		\$1.48	Not Applicable	\$0.79	Not Applicable	\$3.01	\$0.44	\$7.60
Affordable Housing	In process		\$8.61	\$3.11 - \$5.19	\$8.92	None	\$4.00	None	None
Public Art [5]	\$1.59		\$2.00	\$0.51	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59
Childcare	None		Not Applicable	None	\$0.65	None	None	None	None
Public Safety	None		None	None	None	None	None	\$0.11	None
Library	None		None	None	None	None	\$0.23	\$0.30	None
Other	\$2.39		None	None	None	None	None	None	None
TOTAL	\$4.98	\$9.42	\$13.51 - \$13.65	\$13.05 - \$16.68	\$13.80	\$2.78	\$8.83	\$6.19	\$9.19

Source: EPS; City websites

[1] Culver City charges a "New Development Fee" of \$1.00 per square foot that typically goes towards transportation infrastructure, and a commercial/industrial tax equivalent to 1.5 percent of building cost that goes towards discretionary general fund revenue (see Appendix Table A-1). Culver City is currently considering adoption of a \$5.00 per square foot affordable housing linkage fee on commercial development.

[2] Culver City's proposed fee levels include all existing fees, including the New Development Fee currently used for transportation infrastructure, plus the proposed new transportation impact fee.

[3] Santa Monica's transportation fee is based on location of project.

[4] The City of Los Angeles affordable housing linkage fee is based on location of the project. The City of Los Angeles levies a distinct transportation fees on manufacturing and industrial uses.

[5] Culver City, West Hollywood, Glendale, Pasadena, and Burbank levy public arts fee equivalent to 1 percent of building costs (see Appendix Table A-1). Beverly Hills levies a public arts fee equivalent to 1 percent of building costs for projects up to \$1,000,000 and 1.5 percent of building costs for projects exceeding \$1,000,000. The lower fee level is assumed here.

Table 8 Impact Fees for Lodging Land Uses (Per Room)

Lodging (Per Room)*

Fee Category	Culver City [1]	Culver City Proposed [2]	Santa Monica	West LA [3]	West Hollywood	Pasadena	Glendale	Burbank	Beverly Hills
Transportation	\$500	\$3,618	\$2,140	\$5,452	\$925	Not Applicable	None	Not Applicable	None
Parks and Recreation	Not Applicable		\$1,780	Not Applicable	\$395	Not Applicable	Not Applicable	Not Applicable	\$3,800
Affordable Housing	In process		\$1,755	\$1,555 - \$2,595	\$4,460	None	\$2,000	None	None
Public Art [4]	\$1,240		\$1,000	\$260	\$1,240	\$1,240	\$1,240	\$1,240	\$1,240
Childcare	None		\$1,895	None	\$325	None	None	None	None
Public Safety	None		None	None	None	None	None	Not Applicable	None
Library	None		None	None	None	None	Not Applicable	Not Applicable	None
Other	\$1,860		None	None	None	None	None	None	None
TOTAL	\$3,600	\$7,218	\$8,570	\$7,267 - \$8,307	\$7,345	\$1,240	\$3,240	\$1,240	\$5,040

Source: EPS; City websites

*For fees levied on a per sq. ft. basis, this table assumes a gross square footage of 500 sq. ft. per room.

[1] Culver City charges a "New Development Fee" of \$1.00 per square foot that typically goes towards transportation infrastructure, and a commercial/industrial tax equivalent to 1.5 percent of building cost that goes towards discretionary general fund revenue (see Appendix Table A-1). Culver City is currently considering adoption of a \$5.00 per square foot affordable housing linkage fee on commercial development.

[2] Culver City's proposed fee levels include all existing fees, including the New Development Fee currently used for transportation infrastructure, plus the proposed new transportation impact fee.

[3] The City of Los Angeles affordable housing linkage fee is based on location of the project.

[4] Culver City, West Hollywood, Glendale, Pasadena, and Burbank levy public arts fee equivalent to 1 percent of building costs (see Appendix Table A-1). Beverly Hills levies a public arts fee equivalent to 1 percent of building costs for projects up to \$1,000,000 and 1.5 percent of building costs for projects exceeding \$1,000,000. The lower fee level is assumed here.

Fee Burden Comparison

In addition to comparing the absolute value of impact fees across the peer jurisdictions, it is useful to look at the fee levels relative to development values across land uses in each city. This calculation illustrates the relative cost burden that the fee programs have given each cities' unique real estate markets. The estimated development values for each land use by city are shown in **Table A-2**.

Table 9 shows the fee levels for each city divided by the development values, and **Figure 5** summarizes the fees as a percent of development value for each land use across the comparison cities. As demonstrated in the table and figure, with the addition of the proposed transportation fee levels, Culver City's impact fee burden on residential development would be similar to or lower than Santa Monica and West Los Angeles for all land uses except lodging. It would also be lower than Pasadena and Glendale for residential uses. On retail and office uses, the City's fee burden would be similar to or below Santa Monica, West Los Angeles, Pasadena, and Glendale, and for industrial uses, the City's fee burden would be lower than all cities except Santa Monica and Pasadena. The outlier fee level is the fee on lodging, where the City's fee burden would be significantly higher than all its neighboring cities. This is attributable to the City's hotel room rates, which are the lowest among the neighboring jurisdictions (as shown in **Table A-2**) and result in a relatively low development value for hotels in the City.

Figure 5 Impact Fees as a Percent of Development Value ("Fee Burden")

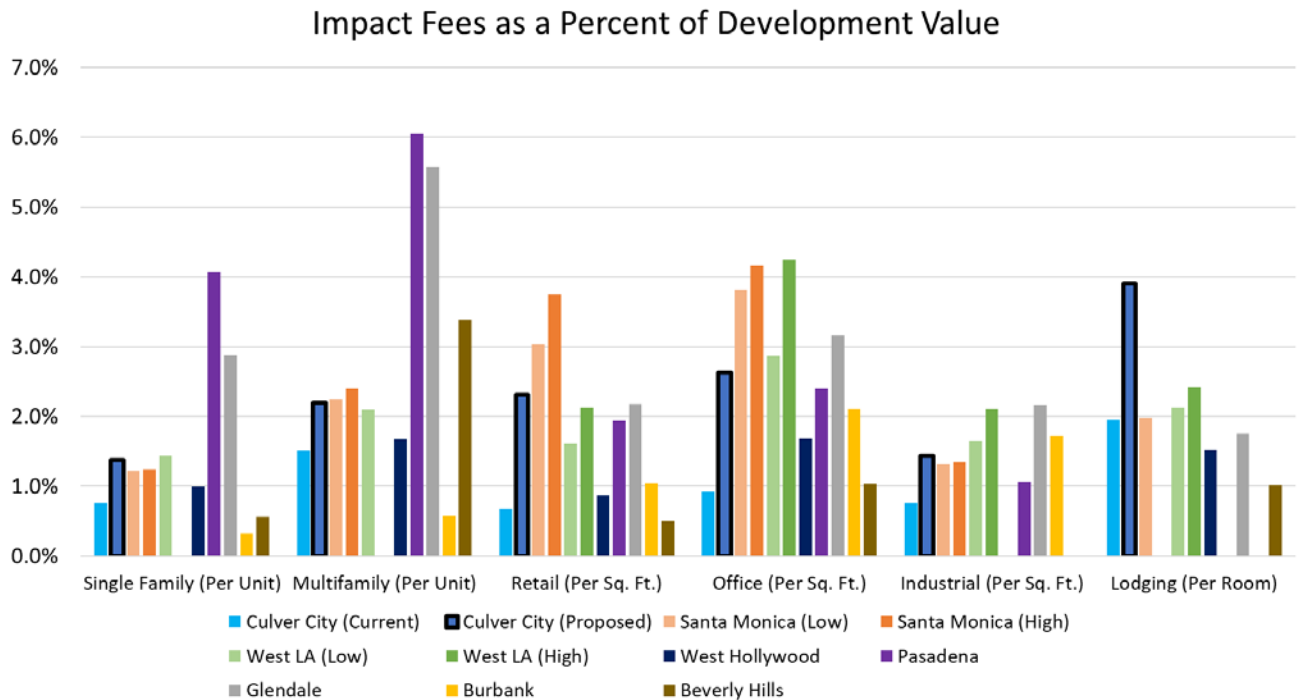


Table 9 Impact Fees as a Percent of Development Value

Item	Culver City (Proposed)		Santa Monica	West LA	West Hollywood [2]	Pasadena [2]	Glendale [2]	Burbank [2]	Beverly Hills [2] [3]
	Culver City [1] [2]	[1] [2]							
Single Family (Per Unit)									
Development Value	\$1,240,000	\$1,240,000	\$1,760,000	\$1,520,000	\$953,000	\$882,000	\$886,000	\$866,000	\$3,460,000
Impact Fees	\$9,442	\$17,078	\$21,535 - \$21,774	\$21,845	\$9,518	\$35,906	\$25,518	\$2,846	\$19,317
Fees as Percent of Value	0.8%	1.4%	1.2% - 1.2%	1.4%	1.0%	4.1%	2.9%	0.3%	0.6%
Multifamily (Per Unit)									
Development Value	\$491,941	\$491,941	\$578,021	\$525,600	\$525,600	\$489,450	\$390,190	\$366,600	\$386,072
Impact Fees	\$7,426	\$10,820	\$13,022 - \$13,906	\$11,018	\$8,798	\$29,631	\$21,721	\$2,106	\$13,034
Fees as Percent of Value	1.5%	2.2%	2.3% - 2.4%	2.1%	1.7%	6.1%	5.6%	0.6%	3.4%
Retail (Per Sq. Ft.)									
Development Value	\$913	\$913	\$1,495	\$1,101	\$1,633	\$696	\$579	\$942	\$1,951
Impact Fees	\$6.20	\$21.12	\$45.26 - \$56.09	\$17.77 - \$23.40	\$14.29	\$13.54	\$12.58	\$9.89	\$9.68
Fees as Percent of Value	0.7%	2.3%	3.0% - 3.8%	1.6% - 2.1%	0.9%	1.9%	2.2%	1.1%	0.5%
Office (Per Sq. Ft.)									
Development Value	\$776	\$776	\$910	\$747	\$870	\$461	\$455	\$528	\$968
Impact Fees	\$7.15	\$20.40	\$34.70 - \$37.86	\$21.43 - \$31.76	\$14.67	\$11.09	\$14.38	\$11.10	\$10.06
Fees as Percent of Value	0.9%	2.6%	3.8% - 4.2%	2.9% - 4.2%	1.7%	2.4%	3.2%	2.1%	1.0%
Industrial (Per Sq. Ft.)									
Development Value	\$657	\$657	\$1,017	\$791	N/A	\$262	\$408	\$359	N/A
Impact Fees	\$4.98	\$9.42	\$13.51 - \$13.65	\$13.05 - \$16.68	N/A	\$2.78	\$8.83	\$6.19	\$9.19
Fees as Percent of Value	0.8%	1.4%	1.3% - 1.3%	1.6% - 2.1%	N/A	1.1%	2.2%	1.7%	N/A
Lodging (Per Room)									
Development Value	\$184,653	\$184,653	\$431,743	\$342,538	\$483,190	\$204,993	\$184,200	\$203,038	\$496,172
Impact Fees	\$3,600	\$7,218	\$8,570	\$7,267 - \$8,307	\$7,345	N/A	\$3,240	N/A	\$5,040
Fees as Percent of Value	1.9%	3.9%	2.0%	2.1% - 2.4%	1.5%	N/A	1.8%	N/A	1.0%

Source: CoStar; EPS

[1] Impact fee includes 1.5 percent of building value for commercial/industrial tax.

[2] Impact fee includes 1 percent of building value for arts fee.

[3] There is no rent data available on industrial land uses in West Hollywood or Beverly Hills.

General Economic Considerations for Impact Fees

From an economic and financial level, development impact fees should be considered from two perspectives:

- 1. Fee Revenues and Economic Benefits.** Development impact fees, especially in growing areas, provide an important portion of the funding for development of infrastructure and capital facilities. As such, they support the policy goals of a jurisdiction in terms of providing desired public facilities and infrastructure. These improvements mitigate the impacts and demands of new development on public improvements and help in maintaining the quality of life attributes that both residents and employers seek. Development impact fees can also help overcome infrastructure development obstacles by providing an opportunity to spread the cost burden of improvements over a broader range of developments where substantial upfront infrastructure investment is required. The provision of essential public infrastructure and the associated creation of an attractive public realm serve to increase the demand for and value of housing and employment-generating commercial development. For commercial uses, for example, the current and future availability and capacity of transportation infrastructure can be a key determinant in a City's ability to attract development, and as a result, affects job creation.
- 2. Development Costs and Economic Impacts.** Development impact fees directly add to the costs to construct new residential and commercial buildings (i.e., vertical development costs). In the short term, development impact fees increase overall development costs, reducing the expected return on investment/profit margin on an individual development project at a particular point in time. Over the medium to long term, a portion of these vertical development cost increases is absorbed by reductions in land value, while improvements in the quality of infrastructure support higher property values. As a result, under normal market conditions, reductions in development impacts fees can, in the short term, bring forward the timing on projects that are close to showing the level of return required to support financing and risk. And, by extension, the earlier timing of those projects would bring forward the timing of construction and the associated construction jobs and the other impacts of new development.

As a general principle, these competing benefits and costs associated with development impact fees point to the importance of establishing aggregate fee levels that strike an appropriate balance between providing an appropriate level of facilities/infrastructure to new residents and businesses consistent with jurisdiction's goals/vision, while avoiding excessive costs on development and thereby slowing the pace of growth.

Appendix Tables

Table A-1 includes estimated Los Angeles-market building costs from cost estimating firms RS Means and Rider Levett Bucknall for the analyzed land uses. These costs represent the values that would be used by the studied jurisdictions to fees based on building or construction value, such as public arts fees.

Table A-1 Building Costs

Land Use	Cost Per Sq. Ft.	Unit Size (Sq. Ft.)	Cost Per Unit	Notes
Single Family	\$205	1,800	\$369,000	From RLB Q1 2021 Construction Cost Report
Multifamily	\$270	1,100	\$297,000	8-24 Stories, Brick Veneer/Reinforced Concrete
Retail	\$208	N/A	N/A	Brick Veneer/Reinforced Concrete
Office	\$246	N/A	N/A	5-10 Stories, Brick Veneer/Reinforced Concrete
Industrial	\$159	N/A	N/A	1 Story Factory, Concrete Block/Bearing Walls
Lodging	\$248	500	\$124,000	8-24 Stories, Brick Veneer/Reinforced Concrete

Note: Costs are from RS Means, except for single family costs, which are from Rider Levett Bucknall. All costs are for Los Angeles market.

Sources: RS Means, Rider Levett Bucknall, EPS

Table A-2 calculates estimated development values in each city, based on median home prices, commercial and residential rents, and hotel revenue per available room (RevPAR) for the city, as well as standard operating costs and capitalization rates, by land use. The prices and rents are for January or Q1 of 2020 (depending on whether the data is reported on a monthly and quarterly basis), in order to demonstrate stabilized, pre COVID-19 market conditions.

Table A-2 Estimated Development Values by Land Use for Studied Jurisdictions

Item (from Q1 or January 2020)	Culver City	Santa Monica	West LA	West Hollywood	Pasadena	Glendale	Burbank	Beverly Hills [1]
Single Family (Per Unit)								
Zillow Home Value	\$1,240,000	\$1,760,000	\$1,520,000	\$953,000	\$882,000	\$886,000	\$866,000	\$3,460,000
Multifamily (Per Unit)								
Average Annual Rent	\$30,576	\$33,792	\$31,536	\$30,120	\$24,612	\$23,688	\$24,768	\$34,944
Operating Costs	35%	35%	35%	35%	35%	35%	35%	35%
Cap Rate	4.0%	3.8%	3.9%	4.0%	4.1%	4.2%	4.2%	3.9%
Value	\$491,941	\$578,021	\$525,600	\$489,450	\$390,190	\$366,600	\$386,072	\$576,487
Retail (Per Sq. Ft.)								
Median Annual Rent (NNN)	\$48	\$72	\$56	\$80	\$37	\$30	\$49	\$92
Operating Costs	2%	2%	2%	2%	2%	2%	2%	2%
Cap Rate	5.1%	4.7%	5.0%	4.8%	5.2%	5.1%	5.1%	4.6%
Value	\$913	\$1,495	\$1,101	\$1,633	\$696	\$579	\$942	\$1,951
Office (Per Sq. Ft.)								
Median Annual Rent (Gross)	\$57	\$62	\$53	\$64	\$37	\$37	\$41	\$67
Operating Costs	30%	30%	30%	30%	30%	30%	30%	30%
Cap Rate	5.1%	4.8%	5.0%	5.2%	5.6%	5.7%	5.5%	4.9%
Value	\$776	\$910	\$747	\$870	\$461	\$455	\$528	\$968
Industrial (Per Sq. Ft.)								
Median Annual Rent (All Service)	\$34	\$51	\$39	N/A	\$15	\$20	\$19	N/A
Operating Costs	15%	15%	15%	15%	15%	15%	15%	15%
Cap Rate	4.4%	4.3%	4.2%	3.5%	4.8%	4.1%	4.5%	4.9%
Value	\$657	\$1,017	\$791	N/A	\$262	\$408	\$359	N/A
Lodging (Per Room)								
Annual RevPAR	\$45,917	\$100,740	\$89,060	\$101,470	\$49,198	\$44,822	\$48,052	\$105,850
Operating Costs	70%	70%	70%	70%	70%	70%	70%	70%
Cap Rate	7.5%	7.0%	7.80%	6.3%	7.20%	7.30%	7.10%	6.40%
Value	\$184,653	\$431,743	\$342,538	\$483,190	\$204,993	\$184,200	\$203,038	\$496,172

Sources: Zillow; CoStar; EPS

[1] There is no rent data available on industrial land uses in West Hollywood or Beverly Hills