



# REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

CONSENT  
January 16, 2007

Honorable Members of the  
Law and Legislation Committee

**Title:** *Adjusted Average Land Values per Community Planning Area for Quimby In-Lieu Fees*

**Location/Council District:** Citywide

**Recommendation:** Review the process for calculating Quimby In-Lieu park fees and direct staff to revise the City Quimby Ordinance (Sacramento City Code Chapter 16.64) in accordance with the revised calculation process.

**Contact:** J.P. Tindell, Interim Planning and Development Manager, 808-1955

**Presenters:** J.P. Tindell, Interim Planning and Development Manager, 808-1955

**Department:** Parks and Recreation

**Division:** Park Planning, Design & Development

**Organization No:** 4727

## Description/Analysis

**Issue:** Quimby Act Fees were designed to ensure that developers diminish the impacts of residential housing projects by providing, either through land or fee dedications, parks and open space at a rate of five acres per 1,000 residents. The average land values per community planning area have not been updated since December 2004 and land values have risen since that time. The Department of Parks and Recreation, in coordination with the City Real Estate's and City Attorney's staff, is proposing a new system which calculates the Quimby in-lieu fee average land values by utilizing Multiple Listing Service (MLS) data.

A summary of the City Quimby Ordinance history is included as Attachment 1 (page 5). Attachment 2 (page 7) is a map of the Community Planning Areas.

**Policy Considerations:** Modifying the Quimby Act Ordinance and adjusting the Quimby In-Lieu fees is consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods.

**Environmental Considerations:** This report concerns administrative activities that will not have a significant effect on the environment, and does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

**Rationale for Recommendation:** The average land values have not been updated since December 2004, and land values have risen since that time. In order to provide concrete data when revising the average land values, staff recommends the fee increases be based on MLS data gathered for houses sold within the City limits. Two full years of data were gathered for comparison to the existing fees. When judging the percentage change from initially set fees to the current fees and the MLS percentage change during that similar time period, staff established the recommended increases to the fees as identified on Attachment 3 (page 8).

Staff has shared the proposed increases with North State Building Industry Association members on October 11<sup>th</sup>, the Development Oversight Commission on November 6<sup>th</sup>, the Sacramento Downtown Partnership on November 9<sup>th</sup>, and the Associated General Contractors of California on November 13<sup>th</sup>. Information was also sent to the American Institute of Architects, the Urban Land Institute, and the North Natomas Working Group. Concerns addressed were as follows:

- 1) As land values may decline, and there is some lag time with data, the option to provide parcel-specific appraisals is an important tool for development applicants.
- 2) The alternative method of using comparable sales, viewed by some as more accurate, to determine increases in land values requires more time and, therefore, costs to the City. Again, the appraisal option provides for accuracy in establishing "real time" values.
- 3) Though Quimby fees may increase, they need to be kept inline with the City's policy to promote infill residential development as it will provide incentives for Downtown and Central City residential projects.

The recommended update to the program includes, for the first time, a "grandfathering" provision so that projects in process will not be subject to fee increases.

**Financial Considerations:** The City Quimby Ordinance in-lieu fees may be calculated using one of two methods:

1. The developer may request an appraisal of the property be prepared and in-lieu fees shall be calculated based upon the fair market value established in the appraisal; or
2. At the option of the developer, the community planning area fixed average land value may be used in place of the appraisal process.

The adjusted 2007 fees will be effective three months after the resolution date. The Adjusted Average Land Values per Community Planning Area are also provided in Attachment 4 (page 9). A comparison example of the current versus the proposed 2007 fees is provided in Attachment 5 (page 10).

In the majority of subdivisions, particularly in new growth and larger projects, the City will continue to prefer to accept land dedications rather than in-lieu fees to provide adequate parkland for new subdivisions to fulfill the service level goals of five acres per 1,000 residents in the Parks and Recreation Master Plan.

For consistency, staff will evaluate the average land values a minimum of annually using MLS data and return to City Council as needed for recommended updates.

**Emerging Small Business Development (ESBD):** There are no ESBD considerations with this report.

Respectfully submitted by: Mary Jo Beauvieux for  
 J.P. TINDELL  
 Interim Planning and Development Manager

Approved by: Cassandra H. Jennings  
 CASSANDRA H. B. JENNINGS  
 Assistant City Manager

Recommendation Approved:

Gustavo F. Vina  
 GUSTAVO F. VINA  
 Assistant City Manager

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**Attachment 1**

**Background Information**

The City of Sacramento has two development fees assessed on projects which provide income for park land acquisition, development, and improvement: the Quimby Act Fee and Park Development Impact Fee (PIF). The Quimby Act Fee (City Ordinance 2003-060) differs from the PIF (City Ordinance 99-044, amended in Ordinance 2000-017), in that Quimby Act fees are assessed solely on residential subdivision projects and fees may be used for acquisition or development of park land, whereas PIF is assessed on residential, retail, office or industrial projects and fees may be used for development of or improvements to park land.

In 1975, the state adopted the Quimby Act in California Government Code Section 66477. Under the Subdivision Map Act and the City's Quimby Ordinance 2003-060, subdivided residential projects are required to dedicate land or pay a fee in-lieu of land dedication to provide for community and neighborhood parks at a rate of five acres per thousand residents. The in-lieu fee is calculated based upon the value of the land in the planning area being subdivided. The City of Sacramento also has a policy to promote infill residential development.

In October 2002, the City Council approved an interim City Quimby Ordinance establishing an alternate method of payment for Quimby in-lieu fees for the Central City. A reasonable "average" land value in combination with the actual appraised value was approved for small (16 or fewer units) residential infill projects in Planning Area 1. The interim ordinance was developed to allow developers of small, residential infill projects within Planning Area 1 to proceed with development, while the City reviewed the City Quimby Ordinance with the goal of creating greater equity while continuing to provide for the payment of Quimby in-lieu fees to support acquisition of new parkland, development of parks and renovation of existing park facilities. Developers have the choice to have an appraisal done if they disagree with the average land value method.

The City Council approved a new citywide ordinance amendment (City Ordinance 2003-060) on October 28, 2003. The amendment allowed for an alternate system, by which a developer may have Quimby in-lieu fees calculated, based on an "average land value" per acre of land within each community planning area. The City's Real Estate Division staff calculated the average land values for each of the planning areas. The average land values were approved by City Council on December 2, 2003. These values were updated and adopted by Council on June 29, 2004 and again on December 7, 2004.

The Department of Parks and Recreation, in coordination with the City Real Estate's and City Attorney's staff, is proposing a new system which calculates the Quimby in-lieu fee average land values by utilizing Multiple Listing Service (MLS) data. In order to provide concrete data when revising the average land values, staff recommends the fee increases be based on MLS data gathered for houses sold within the City limits. The

MLS data provides the number and dollar amount of houses sold for each zip code within the City limits.

The average land values were calculated by identifying the percentage increase in home prices by zip code, then averaging the percentage by primary zip codes in each planning area. The MLS data used to calculate the percentage increase in home prices was limited to the June through May time period. Fees remain under the market value for one acre of land for each planning area.

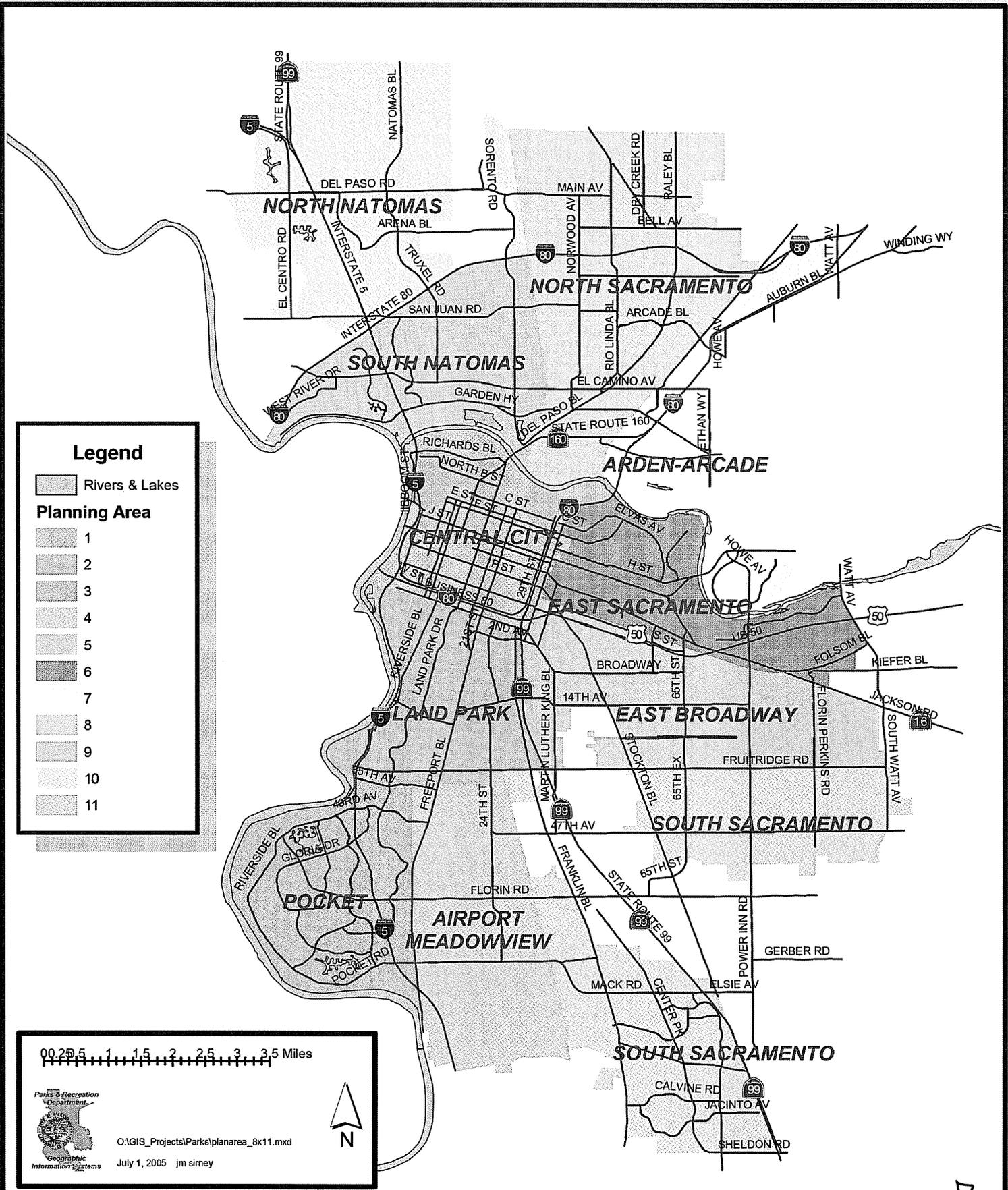
Community Planning Area	Adopted 12/2/03 (a)	Adopted 6/29/04 (b)	Adopted 12/7/2004 (to present) (c)	Percent increase from 12/3/03 to 12/7/04 (d)
Area 1 / Central City	\$250,000	\$250,000	\$250,000	0%
Area 2 / Land Park	\$250,000	\$250,000	\$250,000	0%
Area 3 / Pocket	\$275,000	\$375,000	\$375,000	36%
Area 4 / South Sac. - N of Florin	\$85,000	\$100,000	\$100,000	18%
Area 4 / South Sac. - S of Florin	\$160,000	\$210,000	\$330,000	106%
Area 5 / East Broadway	\$90,000	\$115,000	\$115,000	28%
Area 6 / East Sacramento	\$250,000	\$250,000	\$250,000	0%
Area 7 / Arden Arcade	\$90,000	\$115,000	\$115,000	28%
Area 8 / North Sacramento	\$80,000	\$105,000	\$105,000	31%
Area 9 / South Natomas	\$225,000	\$295,000	\$295,000	31%
Area 10 / North Natomas	\$275,000	\$375,000	\$687,500	150%
Area 11 / Airport/Meadowview	\$85,000	\$160,000	\$160,000	88%
Average	\$176,250	\$216,667	\$252,708	43%



# City of Sacramento

## Department of Parks and Recreation

### Community Planning Areas



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July 1, 2005 jm sirney

Attachment 3

PROPOSED INCREASES TO QIMBY AVERAGE LAND VALUES FOR CALCULATION OF IN-LIEU FEES BY COMMUNITY PLANNING AREA<sup>1</sup>

Community Planning Area	(A) Adopted 12/2/03 (original)	(B) <sup>2, 3</sup> % increase	(C) Adopted 12/7/2004 (current)	(D) <sup>4, 5</sup> Proposed Quimby Average Land Value/Acre (rounded)
Area 1 / Central City	\$250,000	44%	\$250,000	\$360,000
Area 2 / Land Park	\$250,000	27%	\$250,000	\$320,000
Area 3 / Pocket	\$275,000	no recommendation	\$375,000	\$375,000
Area 4 / South Sac. - N of Florin	\$85,000	34%	\$100,000	\$115,000
Area 4 / South Sac. - S of Florin	\$160,000	no recommendation	\$330,000	\$330,000
Area 5 / East Broadway	\$90,000	39%	\$115,000	\$125,000
Area 6 / East Sacramento	\$250,000	34%	\$250,000	\$335,000
Area 7 / Arden Arcade	\$90,000	37%	\$115,000	\$125,000
Area 8 / North Sacramento	\$80,000	38%	\$105,000	\$110,000
Area 9 / South Natomas	\$225,000	32%	\$295,000	\$300,000
Area 10 / North Natomas	\$275,000	no recommendation	\$687,500	\$687,500
Area 11 / Airport/Meadowview	\$85,000	no recommendation	\$160,000	\$160,000

**Assumptions/Notes:**

- Under the City's Quimby Ordinance, the in-lieu fee is calculated based upon the appraised value of the land being subdivided. In order to reach an appraised value, it is assumed that land prices increase similarly to housing prices. The increase is based on the percentage increase of home prices sold in the Planning Area's primary zip codes.
- The Multiple Listing Service (MLS) data used to calculate the percentage increase (B) in home prices was only available from June 2003 to May 2006. Where the percentage increase has not exceeded the percentage increase from (A) to what is currently adopted, the proposed land value will remain at the adopted 12/04 fee (C) level.
- The average land values were calculated by identifying the percentage increase in home prices by zip code, then averaging the percentage by primary zip codes in each planning area.
- The proposed fees (D) are based off of the "Adopted 12/2/03 (original)" fees (A), instead of the current fees, because of this revision to the fee calculation system in the City Quimby Ordinance (Sacramento City Code Chapter 16.64) at this time.
- The "Proposed Quimby Average Land Value/Acre" (D) amount is determined from this formula: (A) x ((B)+100%) = (D).



**CITY OF SACRAMENTO  
DEPARTMENT OF PARKS AND RECREATION**

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**QUIMBY ORDINANCE REVISION**  
AVERAGE LAND VALUES PER COMMUNITY PLANNING AREA

<b>COMMUNITY PLANNING AREA:</b>	<b>12-3-03 Adopted LAND VALUE: (Per Gross Acre)</b>	<b>6-29-04 Adopted LAND VALUE: (Per Gross Acre)</b>	<b>12-7-04 Adopted LAND VALUE: (Per Gross Acre)</b>	<b>2007 Proposed Adjusted Average LAND VALUE: (Per Gross Acre)</b>
<b>PLANNING AREA 1 Central City</b>	\$250,000/acre	\$250,000/acre	\$250,000/acre	<b>\$360,000/acre</b>
<b>PLANNING AREA 2 Land Park</b>	\$250,000/acre	\$250,000/acre	\$250,000/acre	<b>\$320,000/acre</b>
<b>PLANNING AREA 3 Pocket</b>	\$275,000/acre	\$375,000/acre	\$375,000/acre	<b>\$375,000/acre</b>
<b>PLANNING AREA 4 North South Sacramento (North of Florin Road)</b>	\$85,000/acre	\$100,000/acre	\$100,000/acre	<b>\$115,000/acre</b>
<b>PLANNING AREA 4 South South Sacramento (South of Florin Road)</b>	\$160,000/acre	\$210,000/acre	\$330,000/acre	<b>\$330,000/acre</b>
<b>PLANNING AREA 5 East Broadway</b>	\$90,000/acre	\$115,000/acre	\$115,000/acre	<b>\$125,000/acre</b>
<b>PLANNING AREA 6 East Sacramento</b>	\$250,000/acre	\$250,000/acre	\$250,000/acre	<b>\$335,000/acre</b>
<b>PLANNING AREA 7 Arden Arcade</b>	\$90,000/acre	\$115,000/acre	\$115,000/acre	<b>\$125,000/acre</b>
<b>PLANNING AREA 8 North Sacramento</b>	\$80,000/acre	\$105,000/acre	\$105,000/acre	<b>\$110,000/acre</b>
<b>PLANNING AREA 9 South Natomas</b>	\$225,000/acre	\$295,000/acre	\$295,000/acre	<b>\$300,000/acre</b>
<b>PLANNING AREA 10 North Natomas</b>	\$275,000/acre	\$375,000/acre	\$687,500/acre	<b>\$687,500/acre</b>
<b>PLANNING AREA 11 Airport/Meadowview</b>	\$85,000/acre	\$160,000/acre	\$160,000/acre	<b>\$160,000/acre</b>

**Attachment 5**

**Example**  
**Quimby In-Lieu Fees: current vs. proposed fees per type**

	PA	# of units	Factor	Acreage= # of units * factor	Current Planning Area land value per acre	Current amount to be paid per unit	Proposed Planning Area land value per acre	Proposed amount to be paid per unit	Per unit difference
Single family home	1	1	0.0149	0.0149	\$ 250,000	\$ 4,470	\$ 360,000	\$ 6,436.80	\$ 1,966.80
Multi-family	1	50	0.0088	0.44	\$ 250,000	\$ 2,640	\$ 360,000	\$ 3,801.60	\$ 1,161.60

To calculate Quimby in lieu fees: (park acreage x appraised or planning area value/acre) + 20% = in lieu fees

To calculate acreage: # of units x factor = park acreage

Factors related to people per household in the Quimby Ordinance:

Single family unit: .0149

Two family unit: .0112

Multi-family unit: .0088

Mobile home unit: .0088