

IMPACT FEE STUDY

City of Brighton
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The Economics of Land Use

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AGENDA

- Impact fee definitions
- Current impact fees
- Scope of Work
- Impact fee calculations
- Nearby community impact fee comparison
- Consultant and staff recommendations and phasing
- Discussion & questions

IMPACT FEE DEFINITIONS

- Charges on new development to defray capital costs directly related to growth
- “Growth pays its way” policy
- Spend on:
 - Improvements needed to serve growth
 - Maintain level of service as city grows
 - Community-wide benefit
- Must spend within a “reasonable time period”
- Cannot be spent on:
 - Maintenance, operations, existing deficiencies
 - Project-specific impacts
 - Paying for same improvement twice
- Impact fees supplement the City’s mix of other capital funding sources (sales and use tax)

IMPACT FEE SPENDING

- Must be spent on growth-related costs
- For example:
 - **CAN** be spent on new SUV for a net new employee
 - **CANNOT** be spent on replacing an existing SUV because it's old

CURRENT IMPACT FEES

- The City collects the following development impact fees
- Flat fee for any type of residential unit

Land Use Type	Community Parks w/o Land Dedication	Neighborhood Parks w/o Land Dedication	Bridges and Roads	Total
Residential (per unit)	\$1,971	\$1,971	\$2,400	\$6,342
Nonresidential (per sq. ft.)				
Office	\$0.00	\$0.00	\$0.98	\$0.98
Retail	\$0.00	\$0.00	\$0.65	\$0.65
Industrial	\$0.00	\$0.00	\$0.41	\$0.41

Source: City of Brighton; Economic & Planning Systems

IMPACT FEE NEXUS STUDY

- Nexus study required to establish legal basis for impact fees (nexus and proportionality)
- Nexus study calculates the maximum fee needed to recover the capital cost impacts of growth
- Communities may adopt lower fees for policy reasons:
 - Economic development
 - Competitiveness: fee levels in surrounding communities
 - Housing costs
 - When adopting lower fees, a community makes a policy decision that it will not recover the full cost of growth

SCOPE OF WORK

- Prepare new impact fee study (Nexus Study)
- Recommended changes to fee categories
 - General Fund fleet and facilities fee (including police, public works, administration)
 - Transportation fee expanded to include multimodal projects and trails
 - Parks fees were updated recently – no changes
- Update calculation methodologies
 - Vary fees by home type (smaller homes pay less)
 - Account for differences in non-residential land uses
- Recommendations
 - Review surrounding community fees
 - Recommend new fee levels
 - Options for adoption

DRAFT MAXIMUM IMPACT FEES

Impact Fee	Parks	General Facilities	General Fleet	Transport. & Multimodal	Total	Current Fees	% Increase
Residential (per unit)							
Single Family Dwelling Unit	\$3,942.00	\$1,493.67	\$600.19	\$4,552.43	\$10,588.29	\$6,342	67.0%
Multiple Dwelling Unit	\$3,942.00	\$1,194.26	\$479.88	\$3,534.37	\$9,150.51	\$6,342	44.3%
Nonresidential (per sq. ft.)							
Retail/Commercial	\$0.00	\$1.24	\$0.50	\$7.53	\$9.27	\$0.65	1325.5%
Office	\$0.00	\$0.56	\$0.22	\$4.55	\$5.33	\$0.98	444.2%
Industrial	\$0.00	\$0.24	\$0.09	\$1.58	\$1.91	\$0.41	365.3%
Warehouse	\$0.00	\$0.10	\$0.04	\$0.82	\$0.96	\$0.41	135.2%
Mini Warehouse/Self Storage	\$0.00	\$0.07	\$0.03	\$0.70	\$0.80	N/A	N/A
Institutional/Nursing Home	\$0.00	\$0.30	\$0.12	\$3.09	\$3.52	N/A	N/A

Source: Economic & Planning Systems

- Fees were calculated in 2022 and not adjusted for inflation

COMPARISONS

NEARBY COMMUNITIES

- Impact fees paid at building permit

Community	Public Safety (Fire and/or Police)	Library	Parks, Trails, Recreation	Municipal Facilities/Gen Gov.	Transportation
Brighton			✓	✓	✓
Adams County	✓				✓
Aurora	✓	✓	✓	✓	✓
Commerce City	✓		✓	✓	✓
Dacono			✓	✓	✓
Erie	✓		✓		✓
Fort Lupton					
Fredrick			✓	✓	✓
Firestone			✓	✓	✓
Northglenn					
Thornton					

Source: Economic & Planning Systems

SINGLE FAMILY COMPARISON – MAXIMUM

Community	Fire	Police	Library	Parks & Rec.	Gen. Fleet & Facilities	Transport./ Roads	Total	% of Avg.
Brighton Current	---	---	---	\$3,942	---	\$2,400	\$6,342	69%
Brighton Draft Proposed	---	---	---	\$3,942	\$2,094	\$4,552	\$10,588	115%
Adams County	\$732	---	---	---	---	\$5,639	\$6,371	69%
Aurora	\$968	\$1,029	\$190	\$1,744	\$877	\$667	\$5,474	59%
Commerce City	\$688	\$2,175	---	\$7,502	\$1,319	\$4,842	\$16,526	179%
Dacono	---	---	---	\$3,829	\$965	\$4,863	\$9,657	105%
Erie	---	\$686	---	\$2,751	---	\$5,598	\$9,035	98%
Fredrick	---	---	---	\$2,900[1]	\$1,500	\$4,000	\$8,400	91%
Firestone	---	---	---	\$3,621	\$1,811	\$3,688	\$9,120	99%
Average	\$796	\$1,297	\$190	\$3,724	\$1,294	\$4,185	\$9,226	100%

[1] Park impact fee includes open space fee

Source: City of Brighton; Economic & Planning Systems

RETAIL COMPARISON – 10,000 SQ. FT. – 35% DISCOUNT

Community	Fire	Police	Gen. Fleet & Facilities	Transport./ Roads	Total	Per Sq. Ft.	% of Avg.
Brighton Current	---	---	---	\$6,500	\$6,500	\$0.65	12%
Brighton Draft at 35% Discount	---	---	\$11,274	\$48,954	\$60,227	\$6.02	109%
Adams County	\$4,600	---	---	\$60,890	\$65,490	\$6.55	119%
Commerce City	\$4,600	Exempt	Exempt	Exempt	\$4,600	\$0.46	8%
Dacono	---	---	\$17,800	\$63,300	\$81,100	\$8.11	147%
Erie	---	\$8,240	\$23,170	\$49,730	\$81,140	\$8.11	147%
Fredrick	---	---	---	\$43,450	\$43,450	\$4.35	79%
Average	\$4,600	\$8,240	\$20,485	\$54,343	\$55,156	\$5.52	100%

Source: Economic & Planning Systems

INDUSTRIAL/WAREHOUSE COMPARISON – 10,000 SQ. FT. – 35% DISCOUNT

Community	Fire	Police	Gen. Fleet & Facilities	Transport./ Roads	Total	Per Sq. Ft.	% of Avg.
Brighton Current	---	---	---	\$4,100	\$4,100	\$0.41	
Brighton Draft at 35% Discount	---	---	\$945	\$5,323	\$6,268	\$0.63	34%
Adams County	\$4,600	---	---	\$10,310	\$14,910	\$1.49	80%
Commerce City	\$600	\$2,260	\$3,890	\$10,670	\$17,420	\$1.74	94%
Dacono	---	---	\$12,400	\$12,300	\$24,700	\$2.47	133%
Erie	---	\$1,300	\$19,450	\$7,650	\$28,400	\$2.84	153%
Fredrick	---	---	---	\$7,290	\$7,290	\$0.73	39%
Average	\$2,600	\$1,780	\$11,913	\$9,644	\$18,544	\$1.85	100%

Source: Economic & Planning Systems

RECOMMENDED IMPACT FEES & PHASING

CONSULTANT RECOMMENDATION

- 100% of residential fee
 - Option to phase in over 2 or 3 years
- 35% discount on non-residential fees (65% of maximum)
 - Policy discount for economic development competitiveness
 - Option to phase in over 2 or 3 years
- Automatic annual inflation indexing
 - Helps smooth out large increases
 - Keep up with costs

RECOMMENDED IMPACT FEES

Impact Fee	Parks	General Facilities	General Fleet	Transport. & Multimodal	Total	Current Fees	% Increase
Residential (per unit)							
Single Family Dwelling Unit	\$3,942.00	\$1,493.67	\$600.19	\$4,552.43	\$10,588.29	\$6,342	67.0%
Multiple Dwelling Unit	\$3,942.00	\$1,194.26	\$479.88	\$3,534.37	\$9,150.51	\$6,342	44.3%
Nonresidential at 35% Policy Reduction (per sq. ft.)							
Retail/Commercial	\$0.00	\$0.80	\$0.32	\$4.90	\$6.02	\$0.65	826.6%
Office	\$0.00	\$0.36	\$0.15	\$2.96	\$3.47	\$0.98	253.7%
Industrial	\$0.00	\$0.15	\$0.06	\$1.03	\$1.24	\$0.41	202.4%
Warehouse	\$0.00	\$0.07	\$0.03	\$0.53	\$0.63	\$0.41	52.9%
Mini Warehouse/Self Storage	\$0.00	\$0.04	\$0.02	\$0.46	\$0.52	N/A	N/A
Institutional/Nursing Home	\$0.00	\$0.20	\$0.08	\$2.01	\$2.28	N/A	N/A

Source: Economic & Planning Systems

OPTIONS AND FLEXIBILITY

- Case by case
- For projects creating significant net new economic activity in the City
 - Use tax rebate
 - Sales tax share back
 - Tax increment financing
- Other options
 - Fees payable at Certificate of Occupancy (CO) (not at building permit)
 - Options to pay fees over time to help project cash flow
 - Could also apply to residential
- Affordable housing is already exempt from impact fees