



CITY OF  
**PALO ALTO**

# Supplement to Park, Community Center, and Library Development Impact Fee Justification Study: Recommendations

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Presentation to the Finance Committee

# Recommendation 1

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**Staff recommends that Finance Committee recommend that Council:**

1. Approve the following recommendations from the Supplement to Park, Library, and Community Center Development Impact Fee Justification Study:
  - a) Differentiate the commercial/industrial fee structure into four separate categories: retail, office, industrial and commercial.
  - b) Maintain the office density calculation of 200 square ft. per employee.
  - c) Update the fee study every 5-8 years, in accordance with new state law requirements in Assembly Bill 602.

# Recommendations 2, 5 and 6

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## Staff recommends that Finance Committee recommend that Council:

2. Select and apply one of the following land valuations for use in calculating the Park Development Impact Fees:
  - a) Maintain the current \$5.7 million/acre valuation.
  - b) Increase the land valuation to \$6.5 million/ acre based on the addition of the last 12 months of vacant Palo Alto property sales data.
  - c) Increase the land valuation to \$17.6 million/ acre based on the average of the last 5 years of underutilized Palo Alto properties sales data.
5. If applicable based on Recommendation #2, direct staff to implement new approved fee levels as part of the Fiscal Year 2023 budget process.
6. If applicable based on Recommendation #2, adopt an ordinance to update the fair market value per acre of land for the Park Land in Lieu Fee in PAMC section 21.50.070.

## Recommendations 3 and 4

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**Staff recommends that Finance Committee recommend that Council:**

3. Make a recommendation to Council on whether to convert residential fees to reflect a per-square-foot amount, rather than a single amount per dwelling regardless of size.
4. Defer any development impact fee increase on multi-family housing and direct staff to prepare economic feasibility studies to evaluate the potential impact of higher fees on housing production and other development.



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