

## ***DRAFT MEMORANDUM***

To: City of Burbank  
From: Economic & Planning Systems, Inc.  
Subject: Development Impact Fee Program Comparison Analysis  
Date: May 4, 2022

As part of the Development Impact Fee Nexus Study conducted for the City of Burbank, Economic & Planning Systems (EPS) compared the proposed maximum allowable fees to fees in two of the City's neighboring jurisdictions: the cities of Glendale and Pasadena. This memo presents a comparison of fee programs among the three jurisdictions, including both the maximum allowable fees and current charged fees in Burbank. It also includes a discussion of the potential economic implications of the maximum allowable fee levels in Burbank, as informed by this comparison.

The memo presents the capital facilities and transportation fees charged in each city, summarized in **Table 1**. Capital facilities fees include those for fire, police, parks and recreation, library, and information technology. Pasadena and Glendale both also levy a public arts fee—however, this fee is based on project value, rather than on a per unit or per square foot basis, so it has not been included. Additionally, the memo does not include a comparison of the three cities' affordable housing impact fees.

**Table 1** and the subsequent analysis include the fee levels levied on single family residential, multifamily residential, retail, office, industrial, and lodging uses. Fees on residential uses are presented on a per unit basis, fees on lodging uses are presented on a per room basis, and fees on nonresidential uses are presented on a per square foot basis. The levels for Burbank's current and maximum allowable fees include a five percent administrative fee.

While the City of Burbank is also proposing a distinct fee level on studio uses, a comparison of this fee has not been included, as Pasadena and Glendale do not levy a distinct fee on this use. However, an analysis of the economic implications of the studio fee (in Burbank only) is included in the final section of this memo.

**Table 1 Summary of Fees Charged By Land Use Type**

Land Use Category	Burbank (Max Allowable) [1]	Burbank (Existing) [1]	Glendale	Pasadena
Single Family Residential (Per Unit)				
Capital Facilities	\$6,014	\$3,060	\$23,773	\$26,702
Transportation	\$10,514	-	-	\$9,550
Multifamily Residential (Per Unit)				
Capital Facilities	\$4,724	\$2,264	\$20,422	\$20,908
Transportation	\$4,362	-	-	\$3,698
Retail (Per Sq. Ft.)				
Capital Facilities	\$3.67	\$1.00	\$6.96	-
Transportation	\$26.62	\$7.35	-	\$11.57
Office (Per Sq. Ft.)				
Capital Facilities	\$6.06	\$1.94	\$8.48	-
Transportation	\$16.11	\$7.35	-	\$8.71
Industrial (Per Sq. Ft.)				
Capital Facilities	\$3.67	\$0.90 [2]	\$3.47	-
Transportation	\$3.80	\$4.04	-	\$1.20
Lodging (Per Room)				
Capital Facilities	\$693	\$499 [3]	-	-
Transportation	\$6,599	\$3,675 [3]	-	\$3,698 [4]

Note: Pasadena and Glendale also levy a public art fee on some land uses, equivalent to one percent of the project's value.

[1] Includes 5% Administrative Fee

[2] Burbank's current fee program levies a capital facilities impact fee of \$0.85 per sq. ft. on industrial development and a transportation impact fee of \$3.75 per sq. ft. on warehouse and manufacturing development.

[3] Burbank currently levies the retail impact fee on hotel uses. The per square foot retail fee was multiplied by 500 sq. ft., an average gross square footage per hotel room, to represent the fee as a per room fee.

[4] Pasadena levies the per unit multifamily residential transportation impact fee rate on hotel uses.

## Key Findings

1. **Both the current and maximum allowable residential development impact fee calculated in the EPS Nexus Study are lower than those charged by its neighbors.** Although the potential maximum capital facilities plus transportation impact fees on residential development in Burbank are higher than the City's current fees, they are still about two-thirds the level or less than fees charged on residential development in Glendale and Pasadena.
2. **The maximum allowable transportation fees calculated for Burbank on nonresidential uses are higher than those charged by its neighbors, while those charged on capital facilities are lower or comparable.** Currently, Burbank's transportation fees on retail and office uses are lower than its neighbors, but higher on warehouse/ manufacturing uses (a category being combined with industrial uses in the updated fee program). The City's existing capital facilities fees are lower on all nonresidential types as compared to its neighbors. All three cities' existing capital facilities plus transportation impact fees on nonresidential development are within less than four dollars of each other.
3. **The differences in fee burden relative to development value across each city tracks with the differences in absolute fee value.** Estimates of median development values for each land use show general similarity among the three cities. As such, the fees as a percentage of development value have a similar relationship between the jurisdictions as the absolute fee levels. Specifically, the residential impact fees in Burbank as a percentage of median home values and rents are lower than in Glendale and Pasadena, and the percentage would still be lower even if the maximum allowable residential fees were implemented. Conversely, the current nonresidential fees as a percentage of development value in Burbank are lower than or comparable to the percentages in its neighbors, while the City's maximum allowable fees on nonresidential development would be a higher percentage of development value than in the other two jurisdictions. This calculation is based on the combined capital facilities and transportation fee levels.

## Fee Comparison

The following section summarizes the fee categories that each city charges, and then provides a comparison of fees levied on each land use type.

### Fee Categories

**Tables 2 and 3** illustrate the fee categories that have been adopted by each of the three cities for residential and nonresidential land uses, respectively. These tables demonstrate that Burbank has the most comprehensive fee program among the three cities. Specifically, neither Pasadena nor Glendale have adopted impact fees for police, fire, or information technology facilities. Additionally, Pasadena only levies a transportation impact fee on nonresidential development, while Glendale does not have a transportation impact fee as part of its fee program.

**Table 2 Fee Categories: Residential**

<b>Fee Category</b>	<b>Burbank (Max Allowable)</b>	<b>Burbank (Existing)</b>	<b>Glendale</b>	<b>Pasadena</b>
Capital Facilities				
<i>Fire</i>	✓	✓	NA	NA
<i>Police</i>	✓	✓	NA	NA
<i>Parks &amp; Recreation</i>	✓	✓	✓	✓
<i>Parks In-Lieu Fee</i>	NA	✓	✓	NA
<i>Library</i>	✓	✓	✓	NA
<i>Information Technology</i>	✓	NA	NA	NA
Transportation	✓	NA	NA	✓

Note: Glendale levies a public art fees on multifamily residential development, equivalent to one percent of the project's value

**Table 3 Fee Categories: Nonresidential**

<b>Fee Category</b>	<b>Burbank (Max Allowable)</b>	<b>Burbank (Existing)</b>	<b>Glendale</b>	<b>Pasadena</b>
Capital Facilities				
<i>Fire</i>	✓	✓	NA	NA
<i>Police</i>	✓	✓	NA	NA
<i>Parks &amp; Recreation</i>	✓	✓	✓	NA
<i>Parks In-Lieu Fee</i>	NA	✓	✓	NA
<i>Library</i>	✓	✓	✓	NA
<i>Information Technology</i>	✓	NA	NA	NA
Transportation	✓	✓	NA	✓

Note: Pasadena and Glendale levy public art fees on nonresidential development, equivalent to one percent of the project's value. Pasadena's fee is on retail, office, and industrial projects; Glendale's fee is on retail and office projects only.

## Single Family Residential

**Table 4** presents the fee comparisons for single family residential units. The City of Burbank's maximum allowable capital facilities impact fee is \$6,014 per unit, while the current capital facilities impact fee is \$3,060 per unit (including the administrative fee). Both the current and maximum allowable Burbank fee levels are significantly below the fee levels charged in Glendale and Pasadena. The majority of all three cities' capital facilities fees are directed towards parks facilities, with Pasadena and Glendale's level over four times more than Burbank's maximum allowable. Burbank's maximum allowable transportation fee level on single family residential is \$10,514 (including the administrative fee), which is about ten percent higher than the level charged in Pasadena.

**Table 4 Comparison of Impact Fees for Single Family Residential Land Use (Per Unit)**

Item	Burbank (Max Allowable) [1]	Burbank (Existing) [1]	Glendale	Pasadena
Fee Category				
Capital Facilities	\$6,014	\$3,060	\$23,773	\$26,702
<i>Fire</i>	\$502	\$70	-	-
<i>Police</i>	\$384	\$333	-	-
<i>Parks &amp; Recreation</i>	\$2,786	\$1,586	\$21,828	\$26,702 [2]
<i>Parks In-Lieu/Quimby Fee [4]</i>	-	-	\$19,795 [3]	-
<i>Library</i>	\$1,888	\$1,071	\$1,945	-
<i>Information Technology</i>	\$454		-	-
Transportation	\$10,514	-	-	\$9,550

[1] Includes 5% Administrative Fee

[2] Pasadena's parks and parks facility fee is tiered based on number of bedrooms. This is the three bedroom fee.

[3] Glendale has a Quimby fee that is only levied on developments with a subdivision; otherwise developments pay the mitigation fee. The total capital facilities reflects the mitigation fee only.

## Multifamily Residential

**Table 5** presents the fee comparisons for multifamily residential units. The City of Burbank's maximum allowable capital facilities impact fee is \$4,724 per unit, while the current capital facilities impact fee is \$2,264 per unit (including the administrative fee). As with single family residential, the current and maximum allowable capital facilities fees in Burbank are significantly lower than the fees charged in Glendale and Pasadena. Burbank's maximum allowable transportation fee of \$4,362 (including the administrative fee) on multifamily residential is higher than the fee charged in Pasadena, by around 18 percent.

**Table 5 Comparison of Impact Fees for Multifamily Residential Land Use (Per Unit)**

Item	Burbank (Max Allowable) [1]	Burbank (Existing) [1]	Glendale	Pasadena
Fee Category				
Capital Facilities	\$4,724	\$2,264	\$20,422	\$20,908
<i>Fire</i>	\$394	\$52	-	-
<i>Police</i>	\$302	\$247	-	-
<i>Parks &amp; Recreation</i>	\$2,189	\$1,173	\$18,751	\$20,908 [2]
<i>Parks In-Lieu/Quimby Fee</i>	-		\$17,006 [3]	.
<i>Library</i>	\$1,483	\$792	\$1,671	-
<i>Information Technology</i>	\$356		-	-
Transportation	\$4,362	-	-	\$3,698

[1] Includes 5% Administrative Fee

[2] Pasadena's parks and parks facility fee is tiered based on number of bedrooms. This is the one bedroom fee.

[3] Glendale has a Quimby fee that is only levied on developments with a subdivision; otherwise developments pay the mitigation fee. The total capital facilities reflects the mitigation fee only.

**Retail**

**Table 6** presents the fee comparison for retail development. The fees are shown per square feet of space. The capital facilities fee on retail currently levied in Burbank is \$1.00 per square foot (including the administrative fee), which is lower than Glendale. Pasadena does not levy a capital facilities fee on retail. The City’s maximum allowable capital facilities fee on retail is \$3.67 per square foot (including the administrative fee), which would still be lower than Glendale. However, the city’s maximum allowable transportation fee on retail of \$26.62 per square foot (including the administrative fee) is more than double the level charged in Pasadena, while its current transportation fee on retail is about one-third lower than Pasadena’s fee. Glendale does not levy a transportation fee on retail.

**Table 6 Comparison of Impact Fees for Retail Land Use (Per Sq. Ft.)**

Item	Burbank (Max Allowable) [1]	Burbank (Existing) [1]	Glendale	Pasadena
Fee Category				
Capital Facilities	\$3.67	\$1.00	\$6.96	-
<i>Fire</i>	\$0.28	\$0.04	-	-
<i>Police</i>	\$0.27	\$0.20	-	-
<i>Parks &amp; Recreation</i>	\$1.99	\$0.64	\$6.50	-
<i>Library</i>	\$0.81	\$0.12	\$0.46	-
<i>Information Technology</i>	\$0.32	-	-	-
Transportation	\$26.62	\$7.35	-	\$11.57

[1] Includes 5% Administrative Fee

**Office**

**Table 7** presents the fee comparison for office development per square feet of space. The capital facilities fee on office currently levied in Burbank is \$1.94 per square foot (including the administrative fee), which is lower than Glendale. Pasadena does not levy a capital facilities fee on office. The City’s maximum allowable capital facilities fee on office is \$6.06 per square foot (including the administrative fee), which, as with retail, would still be lower than Glendale. The city’s maximum allowable transportation fee on office of \$16.11 per square foot (including the administrative fee) would be nearly 85 percent higher than the level charged in Pasadena, while its current transportation fee on office is about 15 percent lower than Pasadena’s fee. Glendale does not levy a transportation fee on office.

**Table 7 Comparison of Impact Fees for Office Land Use (Per Sq. Ft.)**

Item	Burbank (Max Allowable) [1]	Burbank (Existing) [1]	Glendale	Pasadena
Fee Category				
Capital Facilities	\$6.06	\$1.94	\$8.48	-
<i>Fire</i>	\$0.46	\$0.08	-	-
<i>Police</i>	\$0.45	\$0.39	-	-
<i>Parks &amp; Recreation</i>	\$3.28	\$1.24	\$7.92	-
<i>Library</i>	\$1.34	\$0.23	\$0.56	-
<i>Information Technology</i>	\$0.53	-	-	-
Transportation	\$16.11	\$7.35	-	\$8.71

Note: Only includes office fees; existing Burbank fees on institutional development are lower.

[1] Includes 5% Administrative Fee

**Industrial**

**Table 8** presents the fee comparison for industrial development per square foot of space. The current capital facilities fee level on industrial uses in Burbank is \$0.90, while the maximum allowable capital facilities fee is \$3.67 per square foot (including the administrative fee). The City’s current fee is the significantly lower than Glendale’s, while the maximum allowable capital facilities fee would be around the same. Pasadena does not levy a capital facilities fee on industrial uses. The City’s maximum allowable transportation fee of \$3.80 (including the administrative fee) would be three times higher than Pasadena’s, although it would be lower than the City’s current transportation fee, which is only on warehouse and manufacturing uses (a category that will be combined with industrial uses in the updated fee program).

**Table 8 Comparison of Impact Fees for Industrial Land Use (Per Sq. Ft.)**

Item	Burbank (Max Allowable) [1]	Burbank (Existing) [1] Industrial/ Warehouse/ Manufacturing [2]	Glendale	Pasadena
Fee Category				
Capital Facilities	\$3.67	\$0.90	\$3.47	-
<i>Fire</i>	\$0.28	\$0.04	-	-
<i>Police</i>	\$0.27	\$0.18	-	-
<i>Parks &amp; Recreation</i>	\$1.99	\$0.57	\$3.24	-
<i>Library</i>	\$0.81	\$0.11	\$0.23	-
<i>Information Technology</i>	\$0.32	-	-	-
Transportation	\$3.80	\$4.04	-	\$1.20

[1] Includes 5% Administrative Fee

[2] Burbank's current fee program levies a capital facilities impact fee of \$0.85 per sq. ft. on industrial development and a transportation impact fee of \$3.75 per sq. ft. on warehouse and manufacturing development.

**Hotel**

**Table 9** presents the fee comparison for hotel uses per room. Burbank does not currently charge a distinct fee on hotel uses; rather, the City charges the retail fee levels on new hotel developments. Since the retail square foot is charged on a per square foot basis, but the new hotel fee would be charged on a per room basis, EPS applied the current retail fee to an average gross square footage size for hotel rooms of 500 square feet to provide a comparison. Using this conversion, EPS estimates that the current capital facilities fee charged on hotels is \$499 per room, while the maximum allowable capital facilities fee is \$693 per room (including the administrative fee). Neither Pasadena nor Glendale charge capital facilities fees on hotel uses.

The City’s current transportation fee on hotel uses is \$3,675 per room (using the retail fee level and including the administrative fee), while the maximum allowable is \$6,599. The current fee level is similar to the fee charged on hotels in Pasadena (which levies its multifamily residential transportation impact fee on hotel uses per room), while the maximum fee level is about 80 percent higher than the Pasadena fee. Glendale does not levy a transportation fee on hotels.

**Table 9 Comparison of Impact Fees for Hotel Land Use (Per Room)**

Item	Burbank (Max Allowable) [1]	Burbank (Existing) [2]	Glendale [3]	Pasadena
Fee Category				
Capital Facilities	\$693	\$499	-	-
<i>Fire</i>	\$53	\$21	-	-
<i>Police</i>	\$52	\$100	-	-
<i>Parks &amp; Recreation</i>	\$374	\$320	-	-
<i>Library</i>	\$153	\$58	-	-
<i>Information Technology</i>	\$61	-	-	-
Transportation	\$6,599	\$3,675	-	\$3,698 [4]

[1] Includes 5% Administrative Fee

[2] Burbank currently levies the retail impact fee on hotel uses. The per square foot retail fee was multiplied by 500 sq. ft., an average gross square footage per hotel room, to represent the fee as a per room fee.

[3] Hotel uses are exempt from parks and recreation and library impact fees in Glendale.

[4] Pasadena levies the multifamily residential transportation impact fee rate on hotel uses.

## Economic Implications

The following section describes a general framework by which the economic implications of Burbank's proposed fees may be viewed and then provides an overview of potential implications by land use type.

### General Considerations

On 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 such as transportation infrastructure, parks and recreation amenities, and public safety facilities/equipment. 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.

## **Fees as a Percentage of Development Value**

In addition to comparing the absolute value of impact fees across the three jurisdictions, it is also 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 program will have given each cities' unique real estate markets.

**Table 10** calculates estimated development values in each city, based on median home prices, commercial rents, and hotel revenue per available room (RevPAR) for the city, as well as standard operating costs and capitalization rates, by land use. The values are comparable across all three cities, although Burbank has a notably higher value per square foot for retail and office developments.

**Table 11** shows the combined capital facilities and transportation fee levels for each city (including Burbank's existing and maximum allowable fees) divided by the development values. In the case of Burbank and its peers, the comparison between relative fee burden tracks with the comparison between absolute fee level. The fees as a percent of development value are, and would be, lower in Burbank than in its peers for residential development. The fees as a percent of development value for nonresidential developments are currently lower or comparable in Burbank as compared to Glendale and Pasadena, but would be higher if the maximum allowable fees were implemented.

**Table 10 Estimated Median Development Values By Land Use**

Item	Burbank	Glendale	Pasadena
<b>Single Family Residential (Per Unit)</b>			
Average Home Value	\$1,210,000	\$1,330,000	\$1,390,000
Operating Costs	0%	0%	0%
Cap Rate	N/A	N/A	N/A
Value	\$1,210,000	\$1,330,000	\$1,390,000
<b>Multifamily Residential (Per Unit)</b>			
Average Annual Rent	\$27,600	\$25,200	\$27,600
Operating Costs	30%	30%	30%
Cap Rate	3.9%	4.0%	3.9%
Value	\$495,385	\$441,000	\$495,385
<b>Retail (Per Sq. Ft.)</b>			
Average Annual Rent (NNN)	\$44	\$35	\$38
Operating Costs	2%	2%	2%
Cap Rate	5.0%	5.1%	5.1%
Value	\$862	\$673	\$722
<b>Office (Per Sq. Ft.)</b>			
Average Annual Rent	\$45	\$38	\$35
Operating Costs	30%	30%	30%
Cap Rate	5.5%	5.7%	5.5%
Value	\$573	\$461	\$445
<b>Industrial (Per Sq. Ft.)</b>			
Average Annual Rent	\$21	\$21	\$21
Operating Costs	15%	15%	15%
Cap Rate	4.2%	3.9%	4.5%
Value	\$425	\$450	\$396
<b>Studio (Per Sq. Ft.)</b>			
Average Annual Rent	\$42	N/A	N/A
Operating Costs	5%	N/A	N/A
Cap Rate	6%	N/A	N/A
Value	\$665	N/A	N/A
<b>Lodging (Per Room)</b>			
Annual RevPAR	\$33,303	N/A	\$32,427
Operating Costs	70%	N/A	70.0%
Cap Rate	7.2%	N/A	7.8%
Value	\$138,761	N/A	\$124,718

Note: Reflects end-of-year 2021 rents and cap rates  
 Sources: Zillow; CoStar; City of Burbank; EPS

**Table 11 Capital Facilities Fees as a Percentage of Development Value**

Item	Burbank (Max Allowable)	Burbank (Existing)	Glendale	Pasadena
<b>Single Family Residential (Per Unit)</b>				
Capital Facilities and Transportation Fee	\$16,528	\$3,060	\$23,773	\$26,702
Median Development Value	\$1,210,000	\$1,210,000	\$1,330,000	\$1,390,000
Fee as Percentage of Value	1.4%	0.3%	1.8%	1.9%
<b>Multifamily Residential (Per Unit)</b>				
Capital Facilities and Transportation Fee	\$9,086	\$2,264	\$20,422	\$24,605
Median Development Value	\$495,385	\$495,385	\$441,000	\$495,385
Fee as Percentage of Value	1.8%	0.5%	4.6%	5.0%
<b>Retail (Per Sq. Ft.)</b>				
Capital Facilities and Transportation Fee	\$30.29	\$8.35	\$6.96	\$11.57
Median Development Value	\$862	\$862	\$673	\$722
Fee as Percentage of Value	3.5%	1.0%	1.0%	1.6%
<b>Office (Per Sq. Ft.)</b>				
Capital Facilities and Transportation Fee	\$22.17	\$9.29	\$8.48	\$8.71
Median Development Value	\$573	\$573	\$461	\$445
Fee as Percentage of Value	3.9%	1.6%	1.8%	2.0%
<b>Industrial (Per Sq. Ft.)</b>				
Capital Facilities and Transportation Fee	\$7.47	\$4.94	\$3.47	\$1.20
Median Development Value	\$425	\$425	\$450	\$396
Fee as Percentage of Value	1.8%	1.2%	0.8%	0.3%
<b>Lodging (Per Room)</b>				
Capital Facilities and Transportation Fee	\$7,292	\$4,174	N/A	\$3,698
Median Development Value	\$138,761	\$138,761	N/A	\$124,718
Fee as Percentage of Value	5.3%	3.0%	N/A	3.0%
<b>Studio (Per Sq. Ft.)</b>				
Capital Facilities and Transportation Fee	\$13.65	\$7.79	N/A	N/A
Median Development Value	\$665	\$665	N/A	N/A
Fee as Percentage of Value	2.1%	1.2%	N/A	N/A