



MEMORANDUM

To: Mayor and City Council Members
From: Kimberly McNeeley, Director, Parks and Recreation Department
Date: October 8, 2021
Re: Parkland Dedication Fees



This memorandum serves as an update related to Parkland Dedication fees. Following the adoption of [Resolution 20141211-219](#), City Council initiated amendments to update the City of Austin's parkland dedication. These amendments were enacted to better achieve the goals of Imagine Austin and better align the City's parkland requirements with those of peer cities. City Council approved a substantially revised Parkland Dedication Ordinance in 2016 ([Ordinance 20160128-086](#)). The 2016 Ordinance included a formula for calculating and updating parkland dedication fees annually which remains applicable today. As a summary, the fee calculations for fee in-lieu are dictated by the average of the previous five (5) years of land acquisition costs. Past annual calculations provided for modest parkland dedication fee in-lieu increases. The recent increase in both the number of land acquisitions and increase in cost per acre had a considerable impact on the FY2022 parkland dedication fee schedule, doubling fees in some cases. This increase reflects the rising cost of real estate in Austin, which has thereby substantially increased the cost for the Parks and Recreation Department (PAR) to acquire new parkland.

While the Parkland Dedication Ordinance outlines the formula for calculating the applicable annual fees, it is appropriate to communicate these increases to stakeholders. During the FY2022 budget development process, the Parks and Recreation Department did not inform or communicate these considerable fee increases to internal or external stakeholders; thereby eliminating the stakeholder's ability to appropriately consider impacts related to project financing and budgets. Pre fee adoption communication to stakeholders would have ensured an opportunity to effectively plan for future fees and consider affordability strategies, impact to affordability and project viability. The recent fee increases were communicated to stakeholders only after City Council approved the FY2022 Budget. The new fees were posted on the Parks and Recreation Department website on September 3, 2021, and an announcement was included in the mid-September Development Services newsletter.

The Parks and Recreation Department intends to bring forward for City Council consideration of a fee schedule amendment specific to the Parkland Dedication Fees. The proposed FY2022 Fee Schedule Amendment and associated ordinance will allow FY2021 parkland dedication fees to remain effective. During this time, PARD will conduct a benchmarking analysis to include a fee comparison with peer cities, a review of other cities' processes related to parkland dedication fees and provide an opportunity for internal and external stakeholder feedback. The department will coordinate with Housing and Planning and Development Services Department as well as other city departments. Assistant City Manager Hayden-Howard is the designated point of contact for this effort. Housing and Planning Department will provide an affordability impact statement of Parkland dedication fees to be incorporated into the process. Lastly, PARD will bring forward a report with the findings of the benchmarking study and recommendations regarding the parkland dedication fees for Council consideration in April 2022.

Should you have any questions, please contact my office at (512) 974-6717.

Cc: Spencer Cronk, City Manager
Anne Morgan, Interim Deputy City Manager
Stephanie Hayden-Howard, Assistant City Manager
Rodney Gonzales, Assistant City Manager

Attachment: Housing & Planning Memorandum



To: Kim McNeely, Parks and Recreation Department
From: Rosie Truelove, Housing and Planning Department
Subject: Parkland Dedication Fees

October 8, 2021

Parkland Dedication Fees and Calculation Methodology

Per the methodology adopted by Council in Ordinance No. 20160128-086, the Parks and Recreation Department updated the Parkland Dedication In-Lieu Fee as part of the Fiscal Year 2021-22 Fee Schedule adopted in August 2021. The fee change from FY21 to FY22 was an increase of roughly 120% percent. These changes reflect the adopted policy to maintain a level of service of .01 acres of parkland per City of Austin resident even as the cost of land increases substantially. The average cost of land acquired by PARD over the last five years increased 166% from FY2020-21 to FY2021-22.

Parkland Dedication In-Lieu Fee Per Dwelling Unit	FY2020-21	FY2021-22	\$ Change	% Change
High Density Housing Developments	\$1,568.52	\$3,438.66	\$1,870.14	119.23%
Medium Density Housing Developments	\$1,991.03	\$4,450.03	\$2,459.00	123.50%
Low Density Housing Developments	\$2,534.02	\$5,663.37	\$3,129.35	123.49%

Affordability Impact Statement Requirement

[Ordinance No. 20071129-100](#) requires the creation of an Affordability Impact Statement (AIS) when a City department proposes a change to an ordinance, rule, or process that impacts housing affordability. Additionally, an AIS may be required for council adoptions of budgets or budget amendments that increase development fees that impact housing affordability.

Policy Considerations

The intent of the AIS is to proactively identify policies that may negatively impact the cost of housing prior to their adoption, discuss policy alternatives with sponsoring departments that could lessen negative impacts on housing affordability, and inform decision-makers of the impact a policy may have on housing affordability before they take action.

Council has highlighted the importance of household affordability repeatedly in adopted plans and policies; however, there are few tools in code today to require it. Additionally, many requirements and fees that impact the cost of development have an impact on affordable housing incentive programs and can weaken the success of such voluntary programs, resulting in less affordable housing constructed without direct subsidy.

Housing and Planning Department (HPD) staff were preparing to have Council consider adopting modifications to affordable housing in-lieu fees in the Downtown Density Bonus Program when staff learned about the significant

increases in Parkland Dedication Fees. Due to the significant increase in the parkland fees and because neither internal nor external stakeholders were aware of the increases at the time of Council adopting of the fees, staff delayed Council consideration of the affordable housing in-lieu fees to assess the parkland fee impact on the affordable housing in-lieu fees.

The Housing Department issued an AIS in 2015 that determined that the change to the Parkland Dedication Fee structure would result in a negative impact on the cost of development.

HPD would like the opportunity to conduct an Affordability Impact Statement for the FY21-22 Parkland Dedication fees to understand the impact of this development fee increase on housing as well as to discuss policy alternatives that could lessen the negative impacts on housing affordability. Many requirements that impact the cost of development have an impact on Affordable Housing Incentive Programs and can weaken the success of such voluntary programs, resulting in less affordable housing constructed without direct subsidy. HPD is concerned that the increased Parkland Dedication Fees may be a deterrent to the creation of affordable units. Therefore, HPD would like the opportunity to complete a full AIS to evaluate if compliance with this fee increase could deter the construction of housing affordable to households making less than the Area Median Income (AMI). If so, HPD may propose policy alternatives to improve feasibility of Affordable Housing Incentive Programs and the creation of Affordable Housing through other mechanisms.