



DATE: February 3, 2020

AGENDA ITEM # 2

**TO:** Parks and Recreation Commission  
**FROM:** Jim Sandoval, Engineering Services Director  
**SUBJECT:** Overview of the Park In-Lieu Fee

**RECOMMENDATION:**

Receive informational presentation from Engineering Services Director James Sandoval and Interim City Attorney Jolie Houston

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**BACKGROUND**

Park In-Lieu fees are authorized by the Quimby Act and allow cities to charge new residential development for community park land. The park land valuation calculation is based on state law parameters and formulas of three acres of park land per 1,000 residents, the value of real estate in Los Altos, and the number of residents per household. As a condition of approval of a final subdivision or parcel map, the subdivider shall dedicate land, pay a fee in lieu thereof, or a combination of both at the option of the city, for park or recreational purposes, according to the provisions of Los Altos Municipal Code, Section 13.24.010.

Per the muni code, Park In-Lieu fees shall be used only for the purpose of providing park or recreational facilities reasonably related to serving the subdivision from which fees are collected. Fees so collected shall be used to purchase land or, if the City Council deems that there is sufficient land available for the subdivision, for improving such land for park and recreational purposes, buying equipment, or constructing improvements in neighborhood and district park and recreational facilities.

The Planning Commission shall, upon approving a tentative map, recommend the conditions necessary to comply with the requirements for park land dedication or fees in lieu thereof as set forth in the muni code, and such conditions shall be attached as conditions of approval of the map. Park In-Lieu fees are calculated based on the following formulas for additional units on a subject property as set forth in Section 13.24.010(D) of the muni code:

Single Family/Detached:

3 acres/1,000 residents = 0.003 acres per resident

0.003 × 2.7 residents per household = 0.0081

0.0081 × one acre of land, or value thereof (*i.e.*,  $0.0081 \times \text{appraised value } [\$] \text{ per acre}$ )



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Multiple Family/Attached:

3 acres/1,000 residents = 0.003 acres per resident  
 0.003 × 1.7 residents per household = 0.0051  
 0.0051 × one acre of land, or value thereof (*i.e.*, 0.0081 × appraised value [\$] per acre)

**DISCUSSION**

Pursuant to Section 13.24.010(D) of the muni code, the Engineering Services Director shall make an annual determination of the fair market value of the lands available for park purchase or existing park lands.

Based on an independent real estate appraisal in November 2018 commissioned by the City, the fair market value of an acre of land available for purchase in the City of Los Altos is \$9.58M (\$220 per square foot). Based on this land valuation, Park In-Lieu fees are currently set at \$77.5K for Single Family/Detached homes and \$48.8K for Multi-Family/Attached homes, calculated as follows:

Single Family/Detached

3 acres/1,000 residents = 0.003 acres per resident  
 0.003 x 2.7 residents per household = 0.0081  
 0.0081 x \$9.58M = \$77.5K

Multiple Family/Attached

3 acres/1,000 residents = 0.003 acres per resident  
 0.003 x 1.7 residents per household = 0.0051  
 0.0051 x \$9.58M = \$48.8K

These fees were approved by the City Council on January 8, 2019 ([https://los-altos.granicus.com/MetaViewer.php?view\\_id=7&clip\\_id=1423&meta\\_id=57704](https://los-altos.granicus.com/MetaViewer.php?view_id=7&clip_id=1423&meta_id=57704)). For reference and comparison, park land dedication/in-lieu fees of some nearby local agencies were found to be as follows in January 2019:

	<u>Single-Family</u>	<u>Multiple-Family</u>
<b>Sunnyvale</b>	\$77,863	\$50,965
<b>Santa Clara</b>	\$64,791	\$50,046
<b>Palo Alto</b>	\$62,584	\$43,137
<b>Mountain View<sup>1</sup></b>	\$60,000	\$20,000
<b>Saratoga</b>	\$20,775	\$20,775
<b>Campbell</b>	\$18,696	\$7,528

<sup>1</sup> Mountain View calculates Park In-Lieu fees on a project by project basis, typically resulting in fees established in the range of \$20,000-\$60,000 per unit.



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<b>Los Gatos<sup>2</sup></b>	\$0	\$0
<b>Los Altos</b>	77,500	48,800

An appraisal company is currently updating the appraisal of land available for purchase in Los Altos so the fee can be updated. An updated fee will be taken to the City Council for approval before the end of FY 2019/20.

In addition to the Park In-Lieu fee, new residential development in the City is also required to pay a Traffic Impact fee (LAMC Chapter 3.48), an Affordable Housing Impact fee (LAMC Chapter 3.49) and a Public Art Funding fee (LAMC Chapter 3.52).

**FISCAL IMPACT**

Staff will present an estimate of the anticipated Park In-Lieu fees based on current development proposals at the Parks and Recreation Commission meeting.

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<sup>2</sup> Los Gatos does not charge a park land dedication fee to new development because the Town already has more park land than is required under the Quimby Act.