



TO: Council Finance Committee
FROM: Karen Martin, SEDCO Executive Director
DATE: September 4, 2025
SUBJECT: Draft housing Impact Fee Update

Overview:

This memo looks at the new school building project and calculates three scenarios of potential impact fees to be assigned to new development. As a reminder, future development can only be assigned the additional increase in capacity of the school.

Evaluate Increase in Capacity

The first step in determining the amount of the new fee is to evaluate the increase in capacity related to the proposed building project. The following table shows the actual enrollment compared to the increase in student capacity. According to the table, 20.7% of the school investment may be assigned to new housing units. We did not assign any of the new students to existing housing units, even though, it is likely that some increase in students will be the result in existing homes turning over to new families.

K-8 2025 Scenario	
K-8 Capacity Increase for New School Investment (All New Students Assigned to New Growth)	
Actual Enrollment K-8	1,975
Increase in Students	516
Projected Enrollment Capacity	2,491
% of Increase Assigned to New Housing	100%
Actual Increase Assigned to New Housing	516
% of student Increase	20.7%
% of Capital Investment Associated with New Students	20.7%

Potential Impact Fee Scenarios

Three levels of investment were explored in the calculation of potential impact fees.

Scenario 1 is based on the project costs of the improvements (\$139,850,000), including the middle school, but with no financing costs.

Scenario 2 is based on the project costs (\$139,850,000) plus the financing costs (\$81,288,000) associated with the base project costs for a total cost \$221,138,000

Scenario 3 is based on project costs, financing costs plus \$45,000,000 in remaining bonds prior to 2025 - \$266,138,000.

The percentage of investment assigned to new housing development in each scenario is based on 20.7% of the total.

Projected Growth

In order to calculate an impact fee per unit, these projections assumed an increase of 260 new housing units per year. The payback was then stretched across five different time periods for collecting the fee. For payback in ten years, the total amount needed would be spread over 2,600 new units. For 15 years, the pay back was calculated using 3,900 new units. Additional time periods were calculated for 5-year increments up to 30 years.

The resulting fees per unit were then calculated for each of the payback time periods. For example, based on the following table, if you selected 20 years as your payback time frame, there would be 5,200 new housing units on which an impact fee could be collected. The average fee for that unit would be \$8,809 per unit for 20 years to pay back the base plus financing costs (Scenario 2).

DRAFT: School Impact Fee Scenarios 2025

Version 9/4/25

Scenario 1: K-8 Base		Scenario 2: K-8 Base + Financing		Scenario 3: K-8 Base+Financing + Remaining Bonds prior to 2025	
K-8 Analysis		K-8 Analysis		K-8 Analysis	
	Base		Base + Financing		Base + Financing + Remaining Investments
Capital Investment in K-8 School Scenario	\$ 139,850,000	Capital Investment in K-8 School Scenario	\$ 221,138,000	Capital Investment in K-8 School Scenario	\$ 266,138,000
		Base	\$ 139,850,000	Remaining Bonds (Prior to 2025)	\$ 45,000,000
		Financing Charge	\$ 81,288,000	New Investment Plus Financing	\$ 221,138,000
Calculation of Percent Assigned to Growth		Calculation of Percent Assigned to Growth		Calculation of Percent Assigned to Growth	
Actual Enrollment K-3	1,975	Actual Enrollment K-3	1,975	Actual Enrollment K-3	1,975
Increase in Students	516	Increase in Students	516	Increase in Students	516
Projected Enrollment	2,491	Projected Enrollment	2,491	Projected Enrollment	2,491
% of Increase Assigned to New Housing	100%	% of Increase Assigned to New Housing	100%	% of Increase Assigned to New Housing	100%
Actual Increase Assigned to New Housing	516	Actual Increase Assigned to New Housing	516	Actual Increase Assigned to New Housing	516
% enrollment Increase	20.7%	% enrollment Increase	20.7%	% enrollment Increase	20.7%
% of Capital Investment Associated with New Students	20.7%	% of Capital Investment Associated with New Students	20.7%	% of Capital Investment Associated with New Students	20.7%
Capital Investment Subject to Impact Fee	\$ 28,969,330	Capital Investment Subject to Impact Fee	\$ 45,807,791	Capital Investment Subject to Impact Fee	\$ 55,129,349
Generators: Housing Units		Generators: Housing Units		Generators: Housing Units	
New Units per year	260	New Units per year	260	New Units per year	260
<i># of Years for Payback</i>	Units	<i># of Years for Payback</i>	Units	<i># of Years for Payback</i>	Units
10	2,600	10	2,600	10	2,600
15	3,900	15	3,900	15	3,900
20	5,200	20	5,200	20	5,200
25	6,500	25	6,500	25	6,500
30	7,800	30	7,800	30	7,800
Potential Impact Fee		Potential Impact Fee		Potential Impact Fee	
<i># of Years for Payback</i>	Impact Fee	<i># of Years for Payback</i>	Impact Fee	<i># of Years for Payback</i>	Impact Fee
10	\$11,142.05	10	\$17,618.38	10	\$21,203.60
15	\$7,428.03	15	\$11,745.59	15	\$14,135.73
20	\$5,571.02	20	\$8,809.19	20	\$10,601.80
25	\$4,456.82	25	\$7,047.35	25	\$8,481.44
30	\$3,714.02	30	\$5,872.79	30	\$7,067.87

Comparing Results to Existing Fees

The following table compares the existing housing impact fees to the three projected scenarios for a 20-year payback.

Comparison of Scenarios Based on 20 Year Payback									
Existing Impact Fee (2025)	Existing Impact Fee (2025)		New School Base: \$139,850,000		Base + Financing: \$221,138,000		Base + Remaining Bonds: \$266,138,000		
	Fee	% of SF	Fee	% of SF	Fee	% of SF	Fee	% of SF	
Single Family	\$5,390	100%	\$5,571	100%	\$8,809	100%	\$10,602	100%	
2-Family	\$2,060	38%	\$2,129	38%	\$3,367	38%	\$4,052	38%	
"Multiplex". (Multifamily 3+ units per structure)	\$1,360	25%	\$1,406	25%	\$2,223	25%	\$2,675	25%	
Mobile Home	\$1,360	25%	\$1,406	25%	\$2,223	25%	\$2,675	25%	
Affordable Housing Unit	\$2,710	50%	\$2,801	50%	\$4,429	50%	\$5,330	50%	
Senior Housing Unit	\$0	0%	\$0	0%	\$0	0%	\$0	0%	
<i>Note: The split between SF and the balance of unit remains the same as the existing schedule</i>									

For the sake of comparisons, the ratio between single family homes and other types of units were maintained in the future scenarios. Those could likely be updated. The term multiplex is in the existing ordinance and could be updated to Multifamily Units for clarity.

Please note that the Single Family unit was assigned the full cost of the per unit calculation. The additional units were scaled down consistent with the current fees. If the preponderance of new units are other than Single Family, then these fees may fall short of the total expected. No attempt to project the distribution of new units into the future was made.