

Austin Parks and Recreation Department
Presentation on:

Parkland Dedication Requirements for Commercial Developments

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Context - Chronology

February
2020

- On February 25, 2020, the Parks and Recreation Board passed Recommendation 20200225-B3, which included the provision that commercial developments be subject to parkland dedication requirements.

March 2022

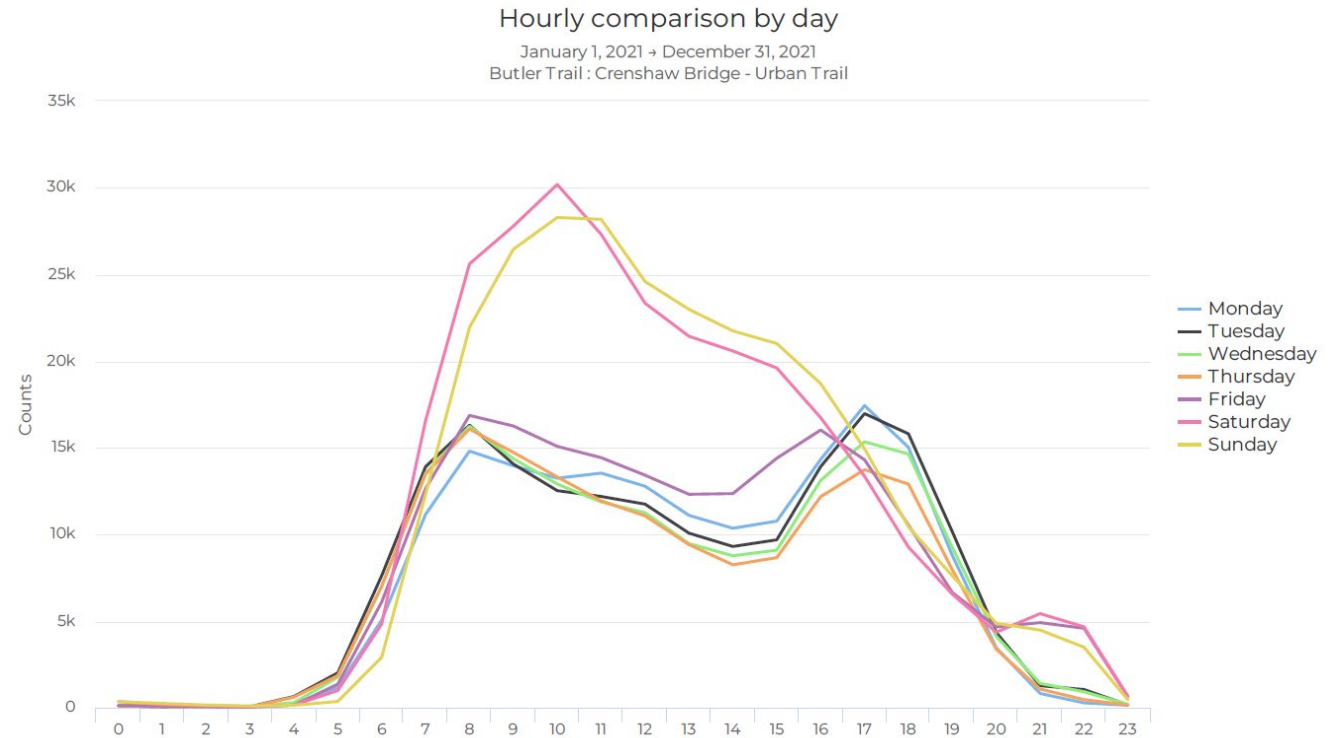
- On March 28, 2022, The Parks and Recreation Board reaffirmed its support to require parkland dedication for office, industrial, and commercial developments in Recommendation 20220328-B5.

April 2022

- On April 7, 2022, City Council passed Resolution 20220407-042 directing City Staff to require parkland dedication for office, industrial and commercial developments.

Austin's Job Growth Impacts Parkland

- Growth in the commercial sector leads to increases in the City's overall population and workforce, both users of the City's parks system.
- The National Recreation and Park Association has documented the role parks play in company locations and workforce growth.
- Park use across the city increases before and after typical work hours during the week, showing a relationship between the workforce and park use.
- By including commercial development into parkland dedication, the City would be able to better provide recreation services to the workforce near their places of employment.



Trail user count data shows a spike in Butler trail use between 7-8am and 5-7pm on weekdays, before and after typical work hours.

Calculating Workforce Impact on Parks

- Parkland level of service must account for the impact the workforce has on parks. The additional workforce that enters Austin affects the current level of service.
- The current level of service is set at 9.4 acres per 1,000 people.
- The estimated workforce is then discounted by occupancy rates and hours of operation, to better reflect the potential park usage.
- Only 35.8% of Austin's workforce reside outside Austin and work onsite in Austin (the 'commuter rate'). They would be assessed for parkland dedication requirements, eliminating any 'double counting' of existing residents who also work in Austin. This statistic accounts for telework/remote work.

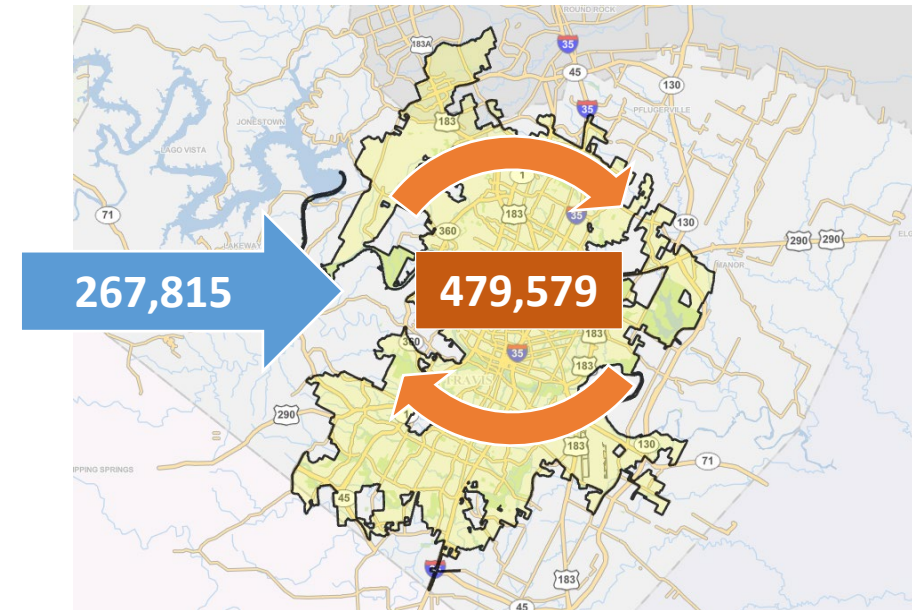


Chart shows number of:

Non-residents commuting into Austin for work

Austin residents working in Austin - not subject to Commercial PLD

Residents that live in Austin and work outside of Austin are captured in the Residential Ordinance

Source: U.S. Census American Community Survey, 2020 5-Year Estimates

Proposed Formula

$$\text{Required Parkland} = \frac{9.4 \text{ acres} \times \text{Functional Population}}{1,000 \text{ people}}$$

- **9.4 acres** per 1,000 people equals the established parks level of service
- **Functional Population**
 - The estimated commuter workforce of a new development discounted by their relative opportunity to access parkland, **representing the full-time equivalent population of new development**
 - **Functional Population = Total Employees X Occupancy Rate X Operation Time X Percent Commuter from Outside City Limits**

	Employee Density (SF Per Employee)	Occupancy Rate	Operational Hours	Percent Commuter
Industrial	2,500 SF	94%	70.8%	35.8%
Retail	550 SF	95%	37.5%	35.8%
Office	300 SF	92%	23.8%	35.8%
Hotel	1,500 SF	-	70.8%	35.8%

Proposed Requirements

Land Dedication – 9.4 Acres per 1,000 functional population

Fee-in-Lieu – \$3,781.32 per functional population

Development Fee – \$351.85 per functional population

Per SF by Use Category:

	Office	Retail	Industrial	Hotel
Fee-in-Lieu	\$0.9880/SF	\$0.8768/SF	\$0.3604/SF	\$0.6390/SF
Development Fee	\$0.0919/SF	\$0.0816/SF	\$0.0335/SF	\$0.0595/SF
Total:	\$1.0800/SF	\$0.9584/SF	\$0.3939/SF	\$0.6984/SF

Figures are preliminary and subject to change



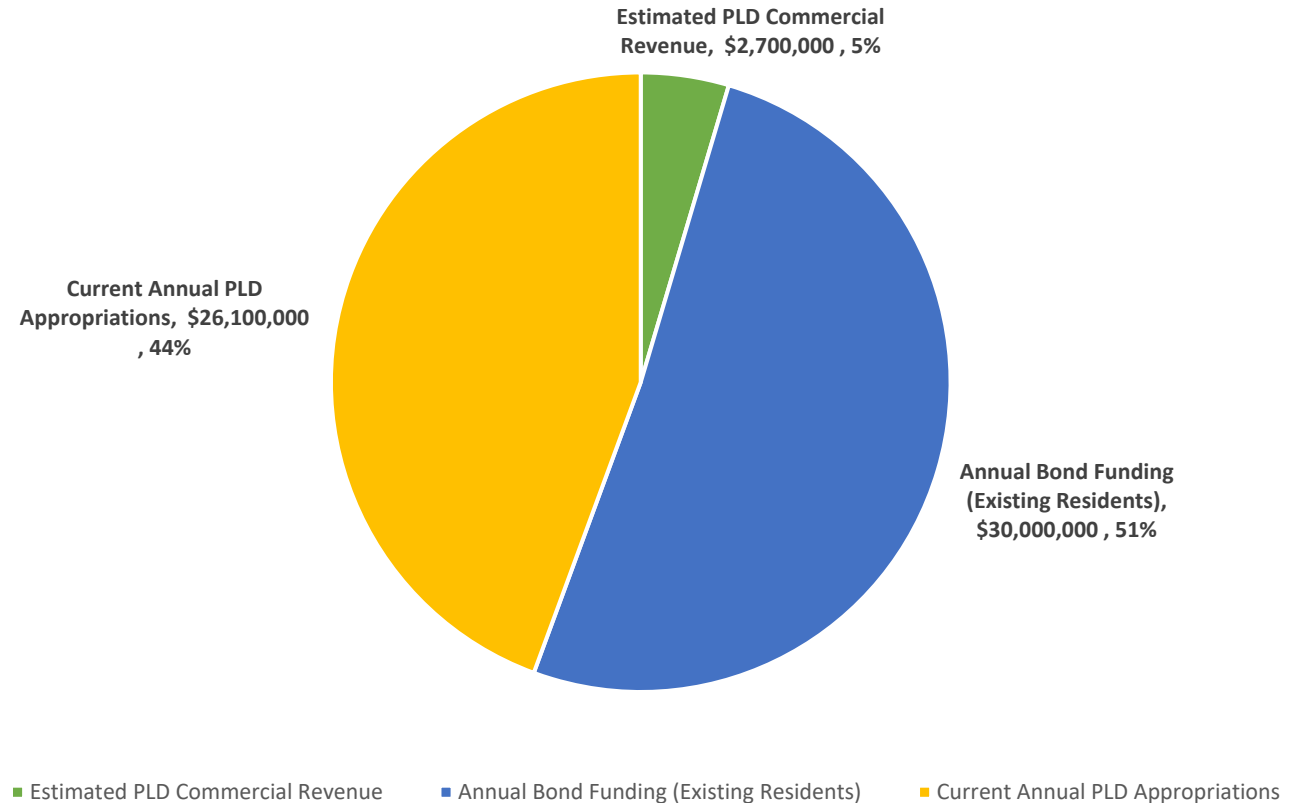
Projected Parkland Funding Sources

How PARD Pays for Growth

- If a commercial PLD ordinance was adopted, PARD anticipates collecting approximately \$2.7 million in fees.¹
- For FY23 PARD will be appropriating \$26 million from residential PLD.
- Bond funds are anticipated to be spent at a rate of \$30 million annually (2018 bond amounting to \$149 million over five years).

1. Based on DSD annual reporting of permitted commercial SF for FY21

Assumed Parkland Funding Sources for New Parks and Improvements



Example of Application - Office

Step 1: Calculate Estimated Employees

Total SF	SF/Employee	Total Employees
325,000	300	1,083

Step 2: Derive Functional Population

Total Employees	Occupancy	Operation Hours	Percent Commuter	Functional Population
1,083	92%	23.8%	35.8%	84.92
A	B	C	D	Formula = A x B x C x D

The functional population subject to parkland dedication requirements is 84.92

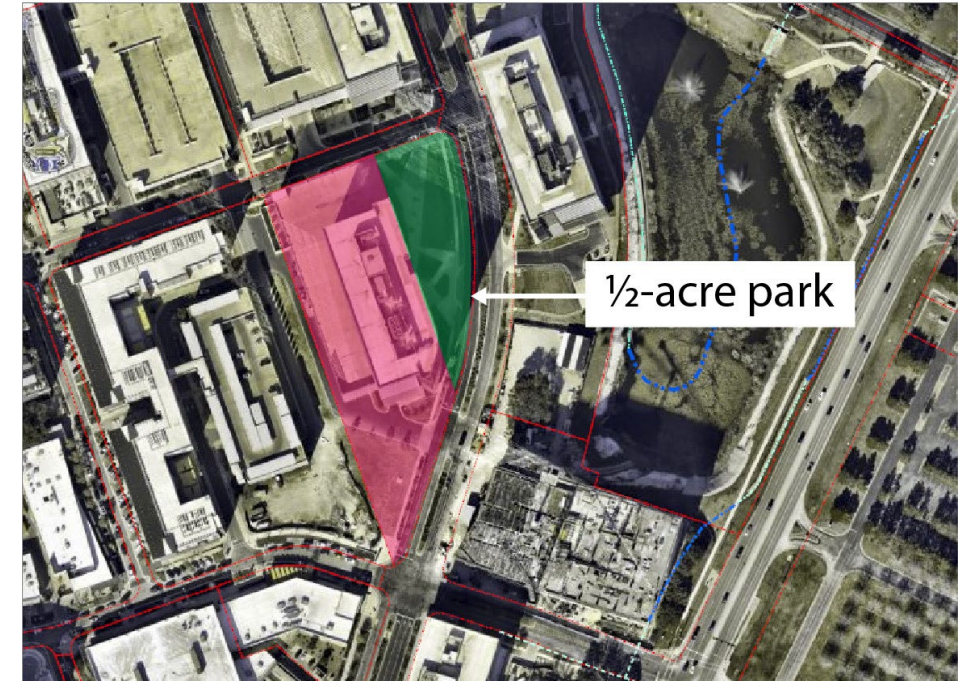
Step 3: Calculate Requirements

Land Owed	Fee-In-Lieu	Development Fee
0.80 acres	\$321,110	\$29,879
Formula = (Functional Population/1000) x 9.4 acres	Formula = SF of Development x \$0.9880	Formula = SF of Development x \$0.0919

Figures are approximate



Urban Office Hypothetical



Example of Application - Mixed Use

Commercial Step 1: Calculate Estimated Employees in Office Space

Total SF	SF/Employee	Total Employees
136,000	300	453

Commercial Step 2: Derive Functional Population of Office Space

Total Employees	Occupancy	Operation Hours	Percent Commuter	Functional Population
453	92%	23.8%	35.8%	35.54
A	B	C	D	Formula = A x B x C x D x E

Commercial Step 3: Calculate Requirements of Office Space

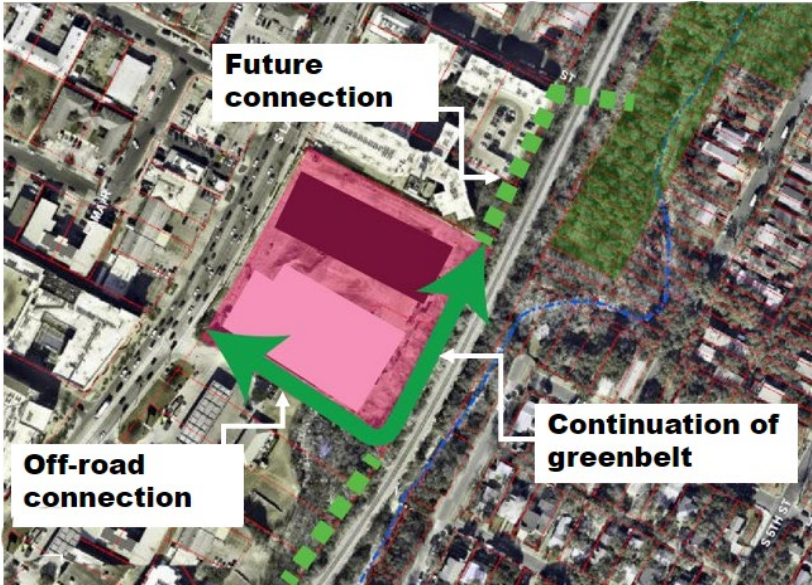
Commercial Land Owed	Commercial Fee-In-Lieu	Commercial Development Fee
0.33 acres	\$134,372	\$12,503
Formula = (Functional Population/1000) x 9.4 acres	Formula = SF of Development x \$0.9880	Formula = SF of Development x \$0.0919

Residential Step 1: Calculate Residential Population

Total Units	SMART Units	Resident Population
309	0	525

Residential Step 2: Calculate Residential Requirements

Residential Land Owed	Residential Fee-In-Lieu	Residential Development Fee
4.94 acres	\$899,681	\$162,685
Formula = (Total Units x 1.7 / 1,000)*9.4	Formula = People x \$2,912.17	Formula = People x \$526.49



Total Requirement:

Land Owed	Fee-In-Lieu	Development Fee
5.27 acres	\$1,034,233	\$175,189



Figures are approximate

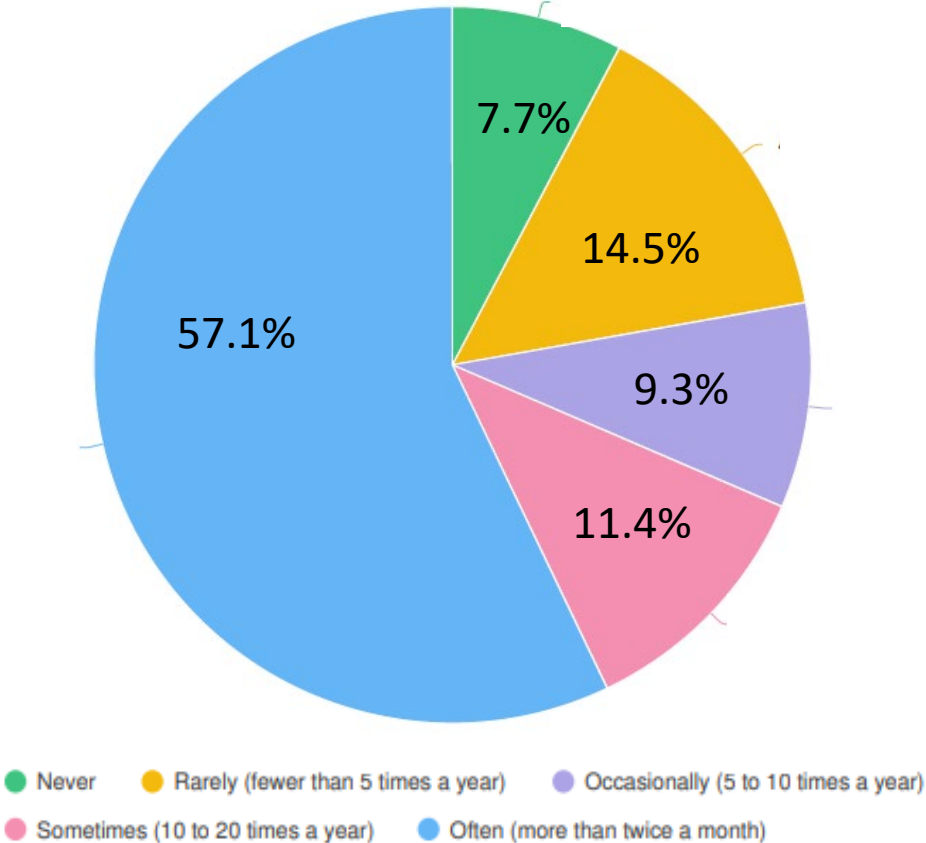
Community Input

SpeakUp Austin – 328 Respondents May 9 - July 10th

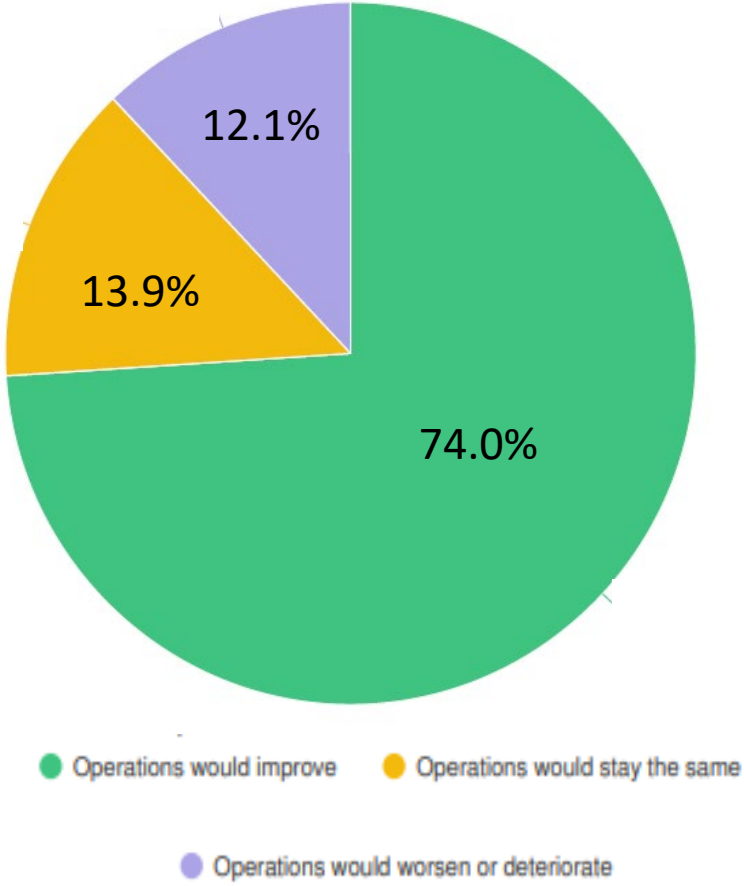
Reoccurring Themes

- Changes in commuting patterns due to COVID-19
- Impacts on affordability
- Applicability and Exemptions
- Procedures and Clarifications

How often do you access public parks before, during, or after work?



How do you think a commercial parkland dedication ordinance might impact a business' operations for employees, visitors, or patrons?



Stakeholder Engagement

- **6 stakeholder meetings held:**
 - May 25, June 6, June 7, June 8, and July 7 (two sessions on same date)
- **Minimum of 40 stakeholder groups engaged:**
 - Parks Groups: Austin Parks Foundation, The Trail Foundation, Save Barton Creek Association, PODER, Tree Folks, Pease Park Conservancy, Shoal Creek Conservancy, Austin Outside, SOS Alliance, Go Austin Vamos Austin, Hill Country Conservancy, Keep Austin Beautiful, Barton Springs Conservancy, Waterloo Greenway, Environment Texas, River Watchers, Norwood Park Foundation
 - Development Groups: Downtown Austin Alliance, Real Estate Council of Austin, Austin Board of Realtors, Civilitude, Austin Chamber of Commerce, Thrower Design, Austin Hotel and Lodging Association, Austin Tech Alliance, US Hispanic Contractor's Association of Austin, Austin Contractors and Engineers Association, Austin Black Contractor's Association, Austin Permit Service, American Institute of Architects, Asian Contractor Association, Drenner Group, Associated General Contractors of Austin, Austin Tech Alliance, Austin Independent Business Association, DPR Construction, Garza EMC, Coleman and Associates, Endeavor Real Estate, McLean & Howard
- **Multiple social media posts across Instagram, Facebook, and Twitter**
- **Newsletter announcements via Development Services Department**
- **Public notices mailed and posted in paper of record for public hearings**

Demonstrated Benefits

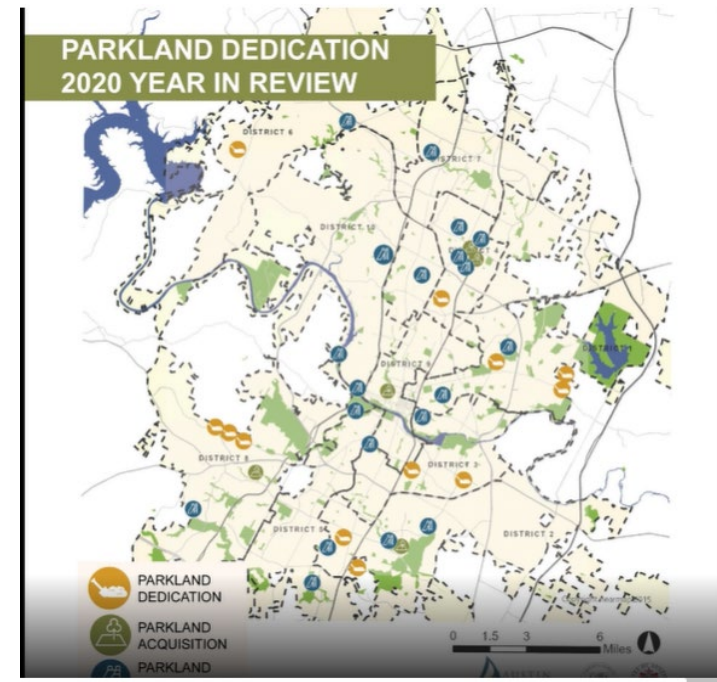
Over 100 parks have been acquired or expanded through parkland dedication

Over 125 new acres of parkland has been added from parkland dedication since 2018

Over 76 park development projects have been funded through parkland dedication since 2018



Tillery Pecan Neighborhood Park



Dedicated Parkland

Lawrence Street Pocket Park
Airport Commerce Pocket Park
Carson Ridge Bark Park
Goodnight Ranch Pocket Park
Fontaine Plaza Pocket Park
Saltillo Plaza Pocket Park



Park Development

Armadillo Neighborhood Park
Auditorium Shores Trailhead
Battle Bend Neighborhood Park
George Washington Carver Juneteenth Memorial
Ponciana Neighborhood Park
Mustang Button Park



Parkland Acquisition

Tillery Pecan Neighborhood Park
Cooper Neighborhood Park
College Row Pocket Park
Hill Country View Neighborhood Park
Williamson Creek East Greenbelt

Timeline



Thank you

If you have any questions, Please contact:

Dedicated Email

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ADDITIONAL SLIDES AS NEEDED

FAQs: Requirements

Fee vs Land

PARD staff utilize code criteria to determine if parkland will be satisfied by land or fee, including location within the park deficient map and proximity to existing parkland.

Only about 10% of residential developments dedicate land, the rest pay 100% fees.

When land is required, it is most common for parkland to be satisfied by a combination of land dedication and fees.

Land Context

The park deficient map determines a development's land context and impacts the requirements.

A commercial development inside the 'Urban Core' has a smaller distance between park deficient areas than projects outside the 'Urban Core', creating a more frequent occurrence of parkland dedication requirements being satisfied with land dedication.

Requirement Calculation

Fees and land requirement calculations are based on building size, measured in square feet. As with the residential ordinance, the fee schedule would be posted on the City's website.

Commercial properties would be included in the early determination process to provide certainty on the requirements to new developments.

FAQs: Applicability and Exemptions

There are no explicit exemptions in the ordinance, however it does not apply to Civic uses as defined in the Code 25-2-6 including: Schools, Hospitals, Daycares, Group Homes and Community/Cultural services

Commercial Parkland Dedication will only apply to net new square footage or units. Square footage or units that have previously satisfied parkland dedication requirements would not be required to satisfy them again.

Existing commercial buildings will not be charged until they go through a redevelopment requiring a building permit, site plan or subdivision that proposes additional square feet that did not previously satisfy the requirement.

There is no proposed minimum development size. Note that small developments under a certain size are exempt from site plans, and would not be subject to commercial parkland dedication.

FAQs: Impacts on Affordability

- Typical hard costs for commercial developments range between \$148/sq ft - \$657/sq ft, depending on use and construction type
 - This does not include the cost of land acquisition, building design, or contractor/developer overhead.
- Cost of parkland dedication fees currently range from \$0.39/sq ft to \$1.08/sq ft depending on the commercial building category. **This is equivalent to less than half of one percent of 'hard costs'.**
- Commercial fee rates are expected to be comparable to those seen in other municipalities
 - Variation is likely due to costs associated with parkland acquisition and development

City	Office	Retail	Industrial	Hotel
Belmont, California*	\$3.16 per SF	\$1.90 per SF	\$1.27 per SF	\$569 per room
Atlanta, Georgia*	\$0.60 per SF	\$1.20 per SF	\$0.23 per SF	\$538 per room
Austin, Texas	\$1.08 per SF	\$0.96 per SF	\$0.39 per SF	\$0.70 per SF

*impact fees

FAQs: Changes to Commuting patterns due to Covid-19

Requirements are adjusted annually to accommodate changing market and commuting trends:

Requirement is based on square footage; if future new office spaces become smaller to account for a decrease in use due to new work models, then the requirement will decrease as a result.

Square footage by use is included in the ordinance and will be revisited with any update to the nexus study.

The commercial formula includes a reduction based on market occupancy percentages. This percentage would be updated annually.

The commercial formula includes a reduction based on commuter rate. This percentage is based on the latest available American Community Survey statistics published by the United States Census Bureau. These data do account for telework/remote work patterns. This percentage would be updated annually.

FAQs: Procedures and Clarifications

Timing of requirements: At the time of subdivision, site plan, or building permit, after the effective date of the new ordinance. **The proposed effective date for this ordinance to take effect is January 1, 2023.**

Credit for Open Space: Parkland can be counted toward open space requirements, such as Subchapter E. Parkland will always be open to the public, whereas open space can be private.

Offset for residential requirements: Setting the fees of parkland dedication is a policy decision made by City Council. City staff provides a fee schedule annually to City Council based on the methodology established by City Code.

Fee change over time: Existing ordinance refers to annual fee schedule based on a codified formula reflecting the average costs of parkland acquisition and development, and this will be the same for commercial. PARD conducts public outreach annually to inform stakeholders of new parkland dedication fees.

Example of Application - Retail

Step 1: Calculate Estimated Employees

Total SF	SF/Employee	Total Employees
50,000	550	91

Step 2: Derive Functional Population

Total Employees	Occupancy	Operation Hours	Percent Commuter	Functional Population
91	95%	37.5%	35.8%	11.59
A	B	C	D	Formula = A*B*C*D

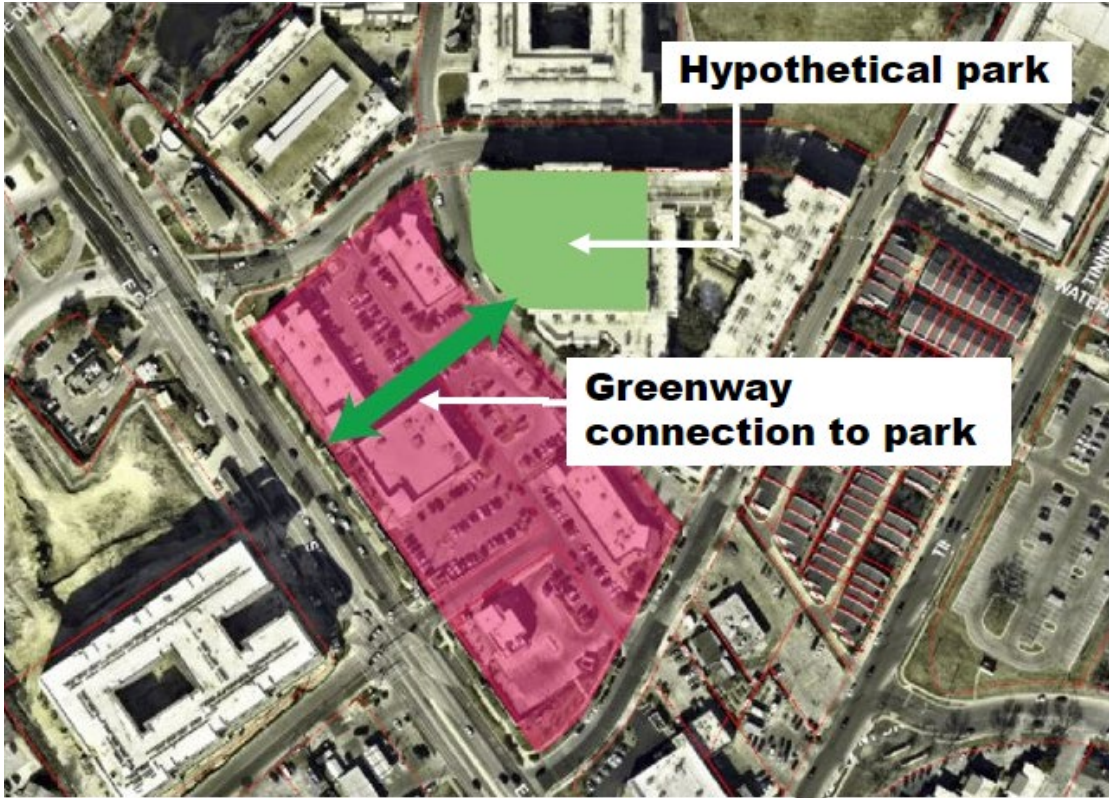
Only 18.78 employees are subject to parkland dedication requirements

Step 3: Calculate Requirements

Land Owed	Fee-In-Lieu	Development Fee
0.11 acres	\$43.842	\$4,070
Formula = (Functional Population/1000) x 9.4 acres	Formula = SF of Development x \$0.8768	Formula = SF of Development x \$0.0816

Figures are approximate

Corridor Retail



Example of Application - Hotel

Hotel Employees Step 1: Calculated Estimated Employees of Hotel

Total SF	SF/Employee	Total Employees
41,000	1,500	27

Hotel Employees Step 2: Derive Functional Population

Total Employees	Occupancy	Operation Hours	Percent Commuter	Functional Population
27	-	70.8%	35.8%	6.93
A	B	C	D	Formula = A * B * C * D

Hotel Employees Step 3: Calculate Hotel Employee Requirements

Commercial Land Owed	Commercial Fee-In-Lieu	Commercial Development Fee
0.07 acres	\$26,197	\$2,437
Formula = (Functional Population/1000) x 9.4 acres	Formula = SF of Development x \$0.6390	Formula = SF of Development x \$0.0595

Hotel Guests Step 1: Calculate Guest Population

Total Units	Occupancy	Resident Population
98	62%	103.29

Hotel Guests Step 2: Calculate Guest Requirements

Residential Land Owed	Residential Fee-In-Lieu	Residential Development Fee
0.97 acres	\$122,718	\$22,186.22
Formula = (Total Units x Occupancy x 1.7 / 1,000)*9.4	Formula = People x \$2,912.17	Formula = People x \$526.49

Urban Hotel/Motel



Example of Application - Industrial

Step 1: Calculate Estimated Employees

Total SF	SF/Employee	Total Employees
200,000	2,500	80

Step 2: Derive Functional Population

Total Employees	Occupancy	Operation Hours	Commuter Percent	Functional Population
80	94%	70.8%	35.8%	19.06
A	B	C	D	Formula = A*B*C*D

Step 3: Calculate Requirements

Land Owed	Fee-In-Lieu	Development Fee
0.18 acres	\$72,074	\$6,706
Formula = (Functional Population/1000) x 9.4 acres	Formula = SF of Development x \$0.3604	Formula = SF of Development x \$0.0335

Figures are approximate

Suburban Warehouse

