

**3/6 Meeting - Item 37 - Site Plan Lite + Subdivision
CM Vela Amendment 2
Direction to explore fee-in-lieu options**

The City Manager is directed to explore simplifying the Regional Stormwater Management Plan (RMSP) for projects up to 16 units that do not qualify for the modified drainage standards to allow payment to be calculated on a simple per unit or per sq ft basis. The resulting formula should be right sized to ensure that the amount is no greater than the cost incurred for a larger project on a per unit or sq ft basis.

The City Manager is further directed to explore the feasibility of allowing additional fee-in-lieu options for small infill projects up to 16 units for any required new infrastructure or upgrades in the public Right of Way or designed to service multiple properties. Any resulting formulas should be simple, predictable, and right sized to ensure that the amount is no greater than the average cost incurred for a larger project on a per unit or per sq ft basis.

This exploration of development requirements includes but is not limited to:

- Drainage lines to connect an existing storm drain system
- Water quality systems
- Water and wastewater lines
- Transportation improvements
- Electrical infrastructure

The City Manager is directed to report back to the Housing and Planning Committee and Planning Commission by July 1st, 2025.

Rationale:

The Regional Stormwater Management Plan (RSMP) process requires that an applicant calculate the cost of providing for on site detention and allows them to pay that as a fee in lieu instead of building detention onsite.. The current RSMP payment isn't a simple calculation and for small projects, the cost and delay to calculate the RSMP payment may be more onerous than the RSMP payment itself.

Our current requirements for infrastructure upgrades are designed with large projects and greenfield projects in mind. In an infill context, small projects are sometimes required to pay for big expensive infrastructure upgrades. In many cases, a developer will simply not move forward with the project.

In an infill context, some of these upgrades may be needed even without new development to replace aging infrastructure. In other cases, it is adding capacity that other infill projects will make use of but not have to help pay for.

Our current requirements put missing middle housing at a disadvantage compared to both large projects, which can more easily absorb these costs, and large lot single family homes, where most regulations and fees do not apply. The unpredictability of these costs is especially burdensome for missing middle projects.

Simple fee in lieu options could allow us to ensure that small and mid-sized projects are paying their fair share for the infrastructure needed to service their development without imposing a greater burden on small projects than larger projects.