

Park Dedication Fee Financial Impact

Staff Direction of April 23, 2007: Review the potential impact of a park dedication fee on new commercial, industrial and tax-exempt properties.¹

Formula in Park Board Ordinance: \$3000 per dwelling unit applied to new units only, increased by construction inflation every five years. Fee for affordable housing units would be \$1500 per new housing unit.

Sample Financial Impact on Development:

Based on information provided in CPED's "Minneapolis Trends, 1st Quarter 2007"

<u>Development Project</u>	<u>No. Units</u>	<u>Impact</u>	<u>Estimated Mkt Value</u>
The Eitel	213	\$ 639,000	
M Flats	44	\$ 132,000	

Financial Issues:

1. Ongoing operations and maintenance funding cannot be provided by park dedication fees. Additional new parks will increase the stress on the park maintenance funding.
2. Law allows for fee on affordable housing units. This fee is not included in City information.
3. How will the fees collected be used? Have the uses for the fees been clearly defined and articulated? Are there restrictions on the uses of the fees? Can park dedication fees be used for purposes of providing public parks, facilities and open spaces?

¹ The draft MPRB ordinance does not impose this fee on commercial, industrial and tax-exempt properties