



## Land Use Assumptions and Infrastructure Improvements Plans for Updating the Development Impact Fee Program - Citywide

Request to approve the updated Land Use Assumptions (LUAs) and Infrastructure Improvements Plans (IIPs) as amended per the staff recommendations outlined in the attached memorandum dated December 11, 2024.

### Summary

Development impact fees are assessed on building permits obtained with designated impact fee service areas to help pay for certain capital facilities that are necessary to serve new development. Arizona's impact fee enabling statute (ARS 9-463.05) requires cities to review and, if necessary, update fees every five years. In addition to maintaining compliance with impact fee statutes, updating the impact fee program helps ensure fees are in-line with current raw materials, labor, and development demand, along with projected growth/service needs, infrastructure plans, and overall facility costs. This item is requested in accordance with ARS 9-463.05(D) that requires Council action on LUAs and IIPs between 30 and 60 days after the public hearing that took place on November 13, 2024. The City's last impact fee update was approved by Council on January 29, 2020, and the fees took effect later that spring.

The LUAs and IIPs are the principal planning documents needed to support changes to development impact fee assessments. Phoenix currently administers nine development impact fee programs: Fire Protection, Police, Parks, Libraries, Major Arterials, Storm Drainage, Water, Wastewater, and Water Resources Acquisition. As proposed, this update would divide the Water fee into Water Treatment and Water Transmission fees, and the Wastewater fee into Wastewater Treatment and Wastewater Collection fees; establishing a total of eleven fee categories. IIPs for each fee category have been updated to reflect current growth projections and inflation in construction costs since the last fee update. Facility cost estimates assumed in the proposed IIPs have been escalated at three percent per year to 2028 dollars to account for normal inflation. Updated LUAs and IIPs can be viewed online at: [www.phoenix.gov/pddsite/Pages/Proposed2025InfrastructureFinancingPlan](http://www.phoenix.gov/pddsite/Pages/Proposed2025InfrastructureFinancingPlan).

To ensure the approved LUAs and IIPs are based on the best available information, staff recommends incorporating the revisions outlined in **Attachment A: Memorandum**

Dated December 11, 2024, that could affect the proposed changes to the City's development impact fees.

**Next Steps**

Following approval of the LUAs and IIPs, a notice of intention to assess a development fee will be released to the public and posted on the City's website. No less than 30 days after posting the notice of intent, a subsequent public hearing will be conducted on the proposed development fees. Between 30 and 60 days after the public hearing on proposed development fees, Council is required to take action on the proposed development fees.

**Responsible Department**

This item is submitted by Deputy City Manager Alan Stephenson and the Planning and Development Department.