

**NEXUS STUDY**

**NORTHSIDE SPECIFIC PLAN  
COST REIMBURSEMENT PROGRAM**

**Prepared for:  
City of Riverside**

**Prepared by:  
Keyser Marston Associates, Inc.**

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## TABLE OF CONTENTS

<b><u>SECTION</u></b>	<b><u>PAGE</u></b>
I. Introduction	1
II. Methodology	2
III. Background	3
IV. Nexus Analysis	5
V. Anticipated Fee Revenue	9
VI. Limiting Conditions	10
Technical Analysis	11

## I. INTRODUCTION

The City of Riverside (City) adopted the Northside Neighborhood & Pellissier Ranch Specific Plan (Specific Plan) and Program Environmental Impact Report (PEIR) on November 17, 2020. The Specific Plan provides a vision for future development in the Northside neighborhood. The Specific Plan Area (SPA) encompasses approximately 1,700 acres within the City of Riverside, City of Colton, and unincorporated County of Riverside. The SPA is generally bounded by La Loma Hills (City of Colton) to the north, State Route 60 (SR-60) and Downtown Riverside to the south, Interstate 215 (I-215) to the east, the Santa Ana River to the west, and includes a non-contiguous residential area east of the I-215.

In 2016, the City retained Rick Engineering Company, along with a team of consultants, to prepare the Specific Plan and PEIR. Throughout the four-year process, the City incurred approximately \$1.6 million in costs directly related to the preparation of the Specific Plan and PEIR. As such, the City seeks to establish a Cost Reimbursement Program (Program) to recover these costs from future development projects within the SPA that benefit from the land use changes. California Government Code Section 65456 authorizes jurisdictions to impose fees that, in the aggregate, defray but do not exceed, the cost of preparation, adoption, and administration of a Specific Plan. The fee charged should be a prorated amount in accordance with the applicant's relative benefit derived from the Specific Plan.

The City engaged Keyser Marston Associates, Inc. (KMA) to prepare a nexus study in support of a reimbursement fee schedule. The KMA analysis evaluated the Subareas that benefit from the land use changes in the Specific Plan, outlined a reasonable methodology for allocation of the proposed fee, and determined the maximum supportable fee.

## II. METHODOLOGY

The KMA methodology included the following steps:

1. Identify the costs of the Specific Plan and PEIR.
2. Identify the development capacity that will benefit from the Specific Plan land use changes.
3. Determine a reasonable method to allocate the costs across the benefitting properties and calculate the maximum fee that the City can charge, without imposing fees that result in collecting fees that, cumulatively, would collect more money than the cost of conducting the planning activities.

### III. BACKGROUND

The Specific Plan provides guidance for future development within the City's Northside neighborhood with the vision of encouraging a safe, walkable community that provides the neighborhood with amenities that are easily accessible. The Specific Plan guides land use decisions to improve the area's physical and economic environment while meeting the City's goals for the Northside and Pellissier Ranch areas. By creating more certainty for property owners and developers, the new regulations can help increase property values and development potential in the SPA. The Specific Plan also identifies public improvements that will further enhance the appearance and character of the SPA. Therefore, properties experiencing land use changes under the Specific Plan are deemed to benefit from both the Specific Plan and PEIR.

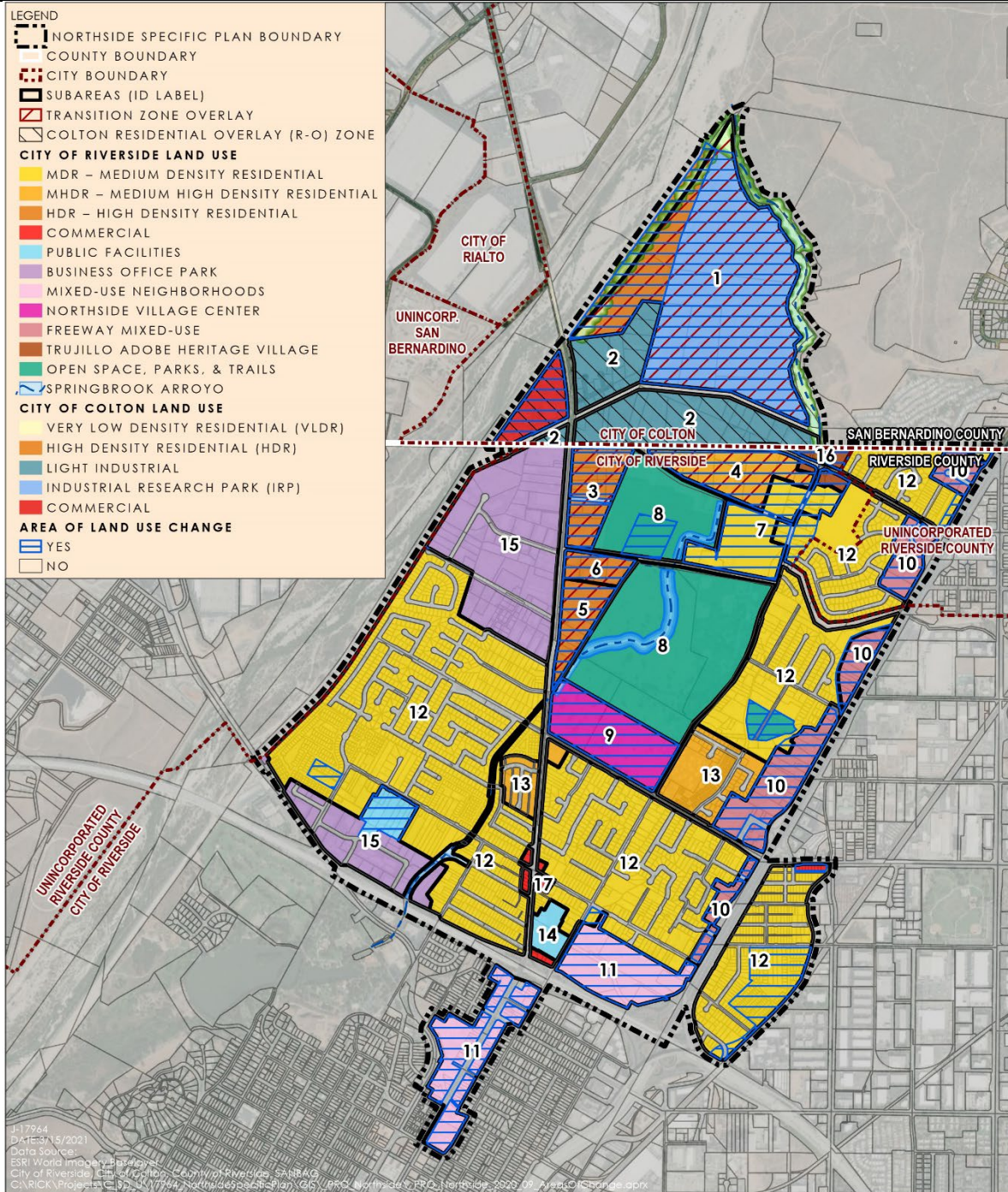
The Specific Plan provides for a range of 10,938 to 12,510 residential units and 16.6 million square feet (SF) of non-residential uses. The SPA includes land area within the City of Colton and unincorporated Riverside County. The following chart summarizes future development capacity by jurisdiction.

Build-Out of Specific Plan Area by Jurisdiction <sup>(1)</sup>			
Jurisdiction	Acres	Residential Units	Non-Residential Building Area (SF)
City of Riverside	1,252.01	9,473 to 10,691	11,729,900
City of Colton	336.56	906 to 1,126	4,555,400
Unincorporated Riverside County	83.05	559 to 693	274,400
<b>Total</b>	<b>1,671.61</b>	<b>10,938 to 12,510</b>	<b>16,559,700</b>
(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.			

The SPA is divided into 17 Subareas. Subareas 1, 2, and a portion of Subarea 8 are located within the City of Colton. Portions of Subareas 10 and 12 are located within unincorporated Riverside County. Each respective jurisdiction will maintain land use control and approval of development projects within its boundaries.

Exhibit 1 on the following page presents a map identifying the Subareas within the Northside Specific Plan Study Area.

## Exhibit 1: Northside Specific Plan Land Uses



Land Use Areas of Change

NORTHSIDE SPECIFIC PLAN



#### IV. NEXUS ANALYSIS

KMA has allocated the cost of the Specific Plan and PEIR among the adjusted total development projected for the SPA uniformly. The Program Fee amounts are the maximum amounts that the City can charge to development within the SPA, while also ensuring that the City does not collect fees in excess of the City's cost of conducting both the Specific Plan and PEIR. This section provides the nexus analysis used to calculate the maximum supported fee under the proposed Program. The KMA technical analysis is attached to this report (Tables 1 through 5).

##### *A. Costs of the Specific Plan and PEIR (Numerator)*

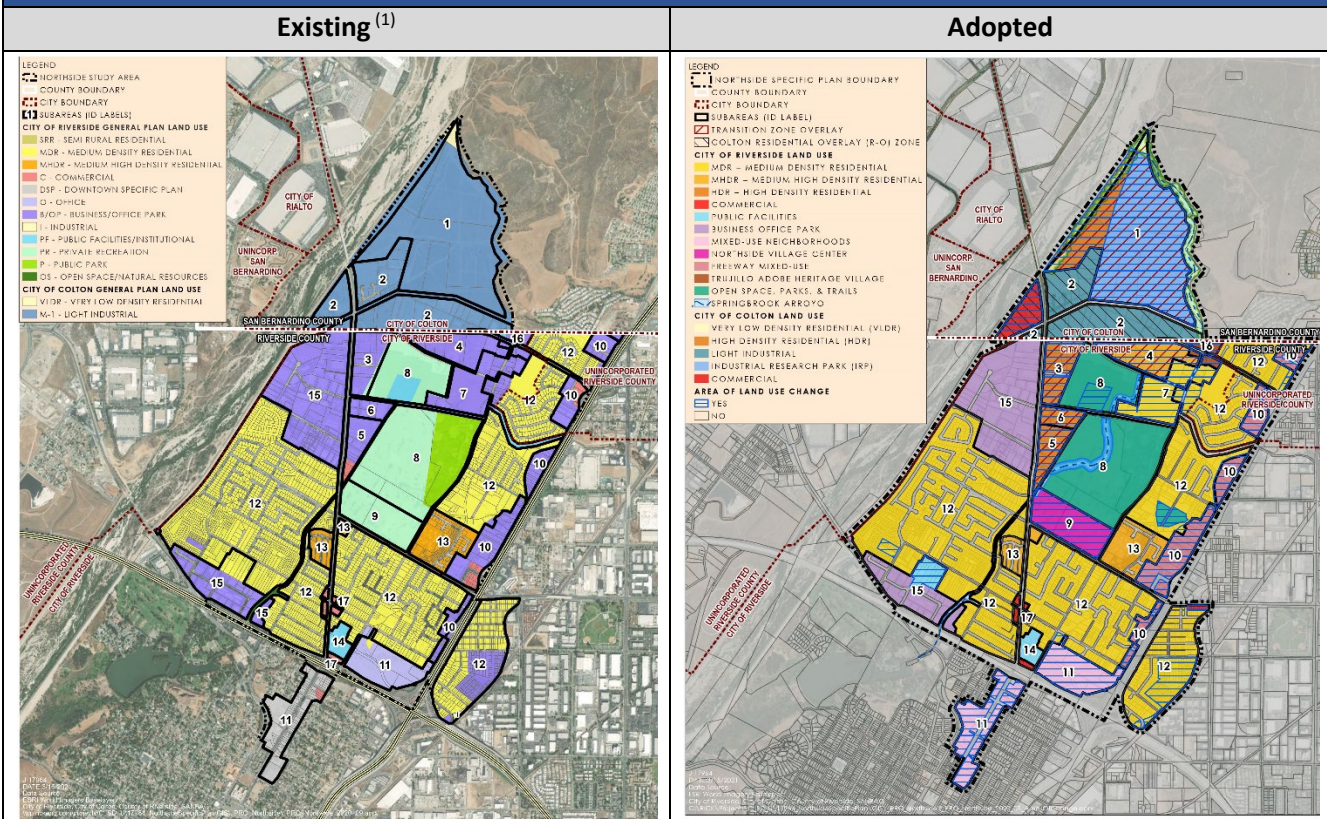
For the purposes of the nexus analysis, the numerator represents the total costs incurred by the City to prepare the Specific Plan and PEIR. The City incurred a total of \$1,551,612 in consulting costs for the formation of the Specific Plan and PEIR. The costs do not include cost recovery expenditures related to City staff time throughout the process, nor will the City recover any future administrative expenditures related to collection of the fee.

##### *B. Build-Out Capacity (Denominator)*

For the purposes of the nexus analysis, the denominator represents full build-out of the SPA, excluding Subareas that do not experience a change in land use designation. Subareas 12, 13, and 14 will not change in land use. A portion of Subarea 12 is located within Riverside County. The majority of Subarea 12 will remain under the existing General Plan land use designation of Medium Density Residential (MDR). Approximately 31 acres, or 5%, of Subarea 12 is designated as Business/Office Park (B/OP) and has been changed to MDR. Subareas 13 and 14 are entirely located within the City of Riverside. Subarea 13 will remain under the existing General Plan land use designation of Medium High Density Residential (MHDR).

Exhibit 2 on the following page presents a side-by-side comparison of these Subareas.

## Exhibit 2: Existing vs. Adopted Land Uses by Subarea



(1) Reflects existing General Plan land use designations.

Source: RickEngineering Company

The following table provides a summary of all residential and non-residential development through build-out of the Specific Plan, less Subareas 12, 13, and 14. As shown below, the adjusted non-residential building area at build-out is 16,168,000 SF.

Non-Residential Building Area at Build-Out <sup>(1)</sup>	
Entire Specific Plan Area	16,560,000 SF
(Less) Subareas with No Land Use Change <sup>(2)</sup>	<u>(392,000) SF</u>
Adjusted Non-Residential Building Area at Build-Out <sup>(1)</sup>	16,168,000 SF
<p>(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.</p> <p>(2) Reflects Subarea 14, which includes existing public facilities that are not anticipated to increase in size.</p>	

The residential densities contained in the Specific Plan provide for a range of residential product types, including small-lot single-family homes, townhomes, and stacked-flat apartments. To account for the range



in product types, KMA assumed that residential units will average 1,200 gross SF in size, inclusive of on-site amenities and interior common areas. The Specific Plan yields a build-out capacity of 10,938 to 12,510 residential units, or an average of 11,724 units. KMA multiplied the average number of units (11,724), less Subareas with no land use change (5,081), by the estimated gross SF per unit (1,200 SF) to arrive at the total estimated adjusted residential building area at build-out of 7.9 million SF.

Residential Building Area at Build-Out <sup>(1)</sup>	
Entire Specific Plan Area	11,724 Units
(Less) Subareas with No Land Use Change <sup>(2)</sup>	<u>(5,081) Units</u>
Adjusted Residential Units at Build-Out <sup>(1)</sup>	6,643 Units
Estimate of Gross SF per Unit @	1,200 SF/Unit
Adjusted Residential Building Area at Build-Out <sup>(1)</sup>	7,972,000 SF
(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.	
(2) Includes Subareas 12 and 13.	

KMA then combined the adjusted total estimated non-residential building area (16.2 M SF) with the adjusted total residential building area (7.9 M SF) to determine the total building area at build-out of the Specific Plan. Collectively, the projected adjusted total building area at build-out of the Specific Plan equates to 24.1 million SF, as illustrated below.



### C. Calculation of Maximum Supported Program Fee

The Program costs are divided by the total residential and non-residential building area in order to calculate the maximum supported Program Fee per SF of building area. As shown on the following page, the maximum supported Program Fee equates to \$0.064 per SF of building area. Assuming an average residential unit size of 1,200 gross SF per unit, the maximum supported Program Fee per residential unit is \$77 per unit.

Calculation of Maximum Supported Program Fee	
<b>I. Total Building Area at Build-Out of Specific Plan <sup>(1)</sup></b>	
Adjusted Non-Residential Building Area	16,168,000 SF
Adjusted Residential Building Area	<u>7,972,000 SF</u>
Adjusted Total Building Area at Build-Out of Specific Plan	24,140,000 SF
<b>II. Program Costs</b>	\$1,551,612
<b>III. Maximum Supported Program Fee</b>	
Non-Residential	\$0.064/SF
Residential <sup>(2)</sup>	\$77/unit
(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.	
(2) Based on 11,724 units at assumed average size of 1,200 gross SF per unit.	

## V. ANTICIPATED FEE REVENUE TO CITY OF RIVERSIDE

This section presents the total amount that the City of Riverside may be able to collect under the assumptions contained within this nexus analysis. It is the KMA understanding that the City of Colton and County of Riverside will most likely not impose, collect, and transmit to the City of Riverside the Program Fee.

As shown below, after deducting the properties outside of the City's authority, the build-out capacity within the City's authority is approximately 11.3 million SF of non-residential building area and 5,001 residential units. Based on the maximum supportable fee, KMA estimates that future non-residential development may generate \$726,000 in fee revenue and future residential development may generate \$385,000 in fee revenue, for a total maximum collected fee revenue of \$1,111,000.

Estimated Maximum Fee Revenue Collected by City of Riverside		
	Non-Residential	Residential
<b>I. Adjusted Specific Plan Area <sup>(1)</sup></b>	16,168,000 SF	6,643 Units
<b>II. (Less) Properties Outside of City of Riverside Authority</b>		
City of Colton <sup>(2)</sup>	(4,555,400) SF	(1,016) Units
County of Riverside <sup>(3)</sup>	<u>(274,400) SF</u>	<u>(626) Units</u>
City of Riverside Build-Out <sup>(4)</sup>	11,338,000 SF	5,001 Units
<b>III. Maximum Supported Program Fee</b>	\$0.064/SF	\$77/Unit
<b>IV. Estimated Maximum Fee Revenue Collected by City of Riverside</b>	<b>\$726,000</b>	<b>\$385,000</b>
<p>(1) Excludes Subareas 12, 13, and 14, since there are no land use changes for these Subareas.</p> <p>(2) Reflects Subareas 1, 2, and portion of 8.</p> <p>(3) Reflects portions of Subareas 10 and 12.</p> <p>(4) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.</p>		

## VI. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including state and local government, planning agencies, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.
2. The analyses and findings presented in this document are based on estimates and assumptions which were developed using currently available planning and economic data. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
3. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, the analysis would need to be revised. Further, no guarantee is made as to the possible effect on development of current or future federal, state, or local legislation.
4. The scope of the KMA assignment was limited to the objectives and tasks delineated in Section I of this report. The KMA analyses presented herein are not intended to address: legal matters; California Environmental Quality Act (CEQA) issues; community planning; fiscal or economic impact; or public facilities needs assessment, planning, or cost estimation.
5. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues).
6. KMA is not acting as a municipal advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
7. The City shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information and material.

TABLE 1

**LAND USE TABULATIONS BY SUBAREA - EXISTING VS. ADOPTED  
NORTHSIDE SPECIFIC PLAN - COST REIMBURSEMENT PROGRAM  
CITY OF RIVERSIDE**

Subarea	Jurisdiction	Acres	Non-Residential Building SF		Residential Units		
			Existing <sup>(1)</sup>	Adopted	Existing <sup>(1)</sup>	Adopted	
						Minimum	Maximum
1	City of Colton <sup>(2)</sup>	186.45	4,000,000	2,500,000	6	906	1,126
2	City of Colton	108.10	2,300,000	2,055,400	0	0	0
3	City of Riverside	21.96	1,400,000	0	0	479	743
4	City of Riverside	31.71	2,100,000	0	0	432	432
5	City of Riverside	18.00	1,023,600	0	0	392	608
6	City of Riverside	10.72	718,700	0	0	240	372
7	City of Riverside	39.00	2,500,000	0	0	234	293
8	City of Colton <sup>(3)</sup>	42.00	914,800	0	0	0	0
8	City of Riverside <sup>(4)</sup>	192.22	392,000	0	64	0	0
9	City of Riverside	40.82	0	461,000	0	1,200	1,200
10	City of Riverside	49.15	2,987,100	640,300	0	568	882
10	County of Riverside	21.05	516,100	274,400	0	244	378
11	City of Riverside	71.09	1,521,800	603,200	16	1,162	1,395
12	City of Riverside <sup>(5)</sup>	567.06	2,295,900	0	4,207	4,206	4,206
12	County of Riverside	62.00	45,700	0	300	315	315
13	City of Riverside	40.00	0	0	566	560	560
14	City of Riverside <sup>(6)</sup>	9.00	392,000	392,000	0	0	0
15	City of Riverside	149.00	9,000,000	9,479,200	88	0	0
16	City of Riverside	7.73	501,000	45,300	0	0	0
17	City of Riverside	4.56	108,900	108,900	0	0	0
<b>Grand Total</b>		<b>1,671.61</b>	<b>32,717,600</b>	<b>16,559,700</b>	<b>5,247</b>	<b>10,938</b>	<b>12,510</b>

(1) Reflects build-out under existing General Plan designations.

(2) Reflects Pellissier Ranch property.

(3) Reflects public easement adjacent to Pellissier Ranch.

(4) Reflects former Riverside Golf Course and Ab Brown Sports Complex.

(5) Subarea 12 includes 31 acres of residential development that has changed in land use from Business/Office Park to Medium Density Residential.

(6) Reflects public facilities and institutional uses.



TABLE 2

**CALCULATION OF BUILDING AREA AT BUILD-OUT <sup>(1)</sup>**  
**NORTHSIDE SPECIFIC PLAN - COST REIMBURSEMENT PROGRAM**  
**CITY OF RIVERSIDE**

**I. Non-Residential Building Area at Build-Out**

	<u>Building Area</u>
A. Entire Specific Plan Area	16,560,000 SF
B. (Less) Subareas in the City with no Land Use Change <sup>(2)</sup>	
Subarea 12 <sup>(3)</sup>	0 SF
Subarea 13	0 SF
Subarea 14	<u>(392,000) SF</u>
Total Subareas in the City with no Land Use Change	(392,000) SF

<b>C. Adjusted Non-Residential Building Area at Build-Out</b>	<b>16,168,000 SF</b>
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**II. Residential Units at Build-Out**

	<u>Number of Units</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
A. Entire Specific Plan Area	10,938	12,510	11,724
B. (Less) Subareas in the City with no Land Use Change <sup>(2)</sup>			<u>Total</u>
Subarea 12 <sup>(3)</sup>			(4,521)
Subarea 13			(560)
Subarea 14			<u>0</u>
Total Subareas in the City with no Land Use Change			(5,081)
C. Adjusted Residential Units at Build-Out			6,643
D. Average Gross SF per Unit @			1,200 <sup>(4)</sup>

<b>E. Residential Building Area (SF) at Build-Out</b>	<b>7,972,000 SF</b>
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(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.

(2) Reflects Subareas that do not experience a change in land use under the Specific Plan.

(3) Subarea 12 includes 31 acres of residential development that has changed in land use from Business/Office Park to Medium Density Residential.

(4) Source: CoStar Group, Inc. Based on survey of multi-family rental apartments in the City of Riverside.

**TABLE 3**

**MAXIMUM SUPPORTED PROGRAM FEE  
NORTHSIDE SPECIFIC PLAN - COST REIMBURSEMENT PROGRAM  
CITY OF RIVERSIDE**

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	<u>Building Area</u>
<b>I. Building Area at Build-Out <sup>(1)</sup></b>	
A. Adjusted Non-Residential Building Area at Build-Out	16,168,000 SF
B. Residential Building Area at Build-Out	<u>7,972,000</u> SF
Total Adjusted Building Area at Build-Out	24,140,000 SF
<hr/>	
<b>II. Program Costs</b>	\$1,551,612
<hr/>	
<b>III. Maximum Supported Program Fee</b>	
A. Non-Residential	<b>\$0.064 /SF Building Area</b>
B. Residential Units @ 1,200 Gross SF/Unit <sup>(2)</sup>	<b>\$77 /Unit</b>

(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.

(2) Source: CoStar Group, Inc. Based on survey of multi-family rental apartments in the City of Riverside.

**TABLE 4**

**ADJUSTED BUILD-OUT CAPACITY IN THE CITY OF RIVERSIDE <sup>(1)</sup>**  
**NORTHSIDE SPECIFIC PLAN - COST REIMBURSEMENT PROGRAM**  
**CITY OF RIVERSIDE**

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**I. Non-Residential**

	<u>Building Area</u>
A. Adjusted Specific Plan Area <sup>(2)</sup>	16,168,000 SF
B. (Less) Properties Outside of City of Riverside Authority	
City of Colton <sup>(3)</sup>	(4,555,400) SF
County of Riverside <sup>(4)</sup>	<u>(274,400) SF</u>
<b>C. Adjusted Non-Residential Building Area at Build-Out</b>	<b>11,338,000 SF</b>

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**II. Residential**

	<u>Number of Units</u>
A. Adjusted Specific Plan Area <sup>(2)</sup>	6,643
B. (Less) Properties Outside of City of Riverside Authority	
City of Colton <sup>(3)</sup>	(1,016) <sup>(5)</sup>
County of Riverside <sup>(4)</sup>	<u>(626) <sup>(5)</sup></u>
<b>C. Adjusted Residential Units at Build-Out</b>	<b>5,001</b>

(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development.

(2) Excludes Subareas 12, 13, and 14.

(3) Reflects Subareas 1, 2, and portion of 8.

(4) Reflects portions of Subareas 10 and 12.

(5) Based on average of proposed minimum and maximum unit count.

**TABLE 5****ESTIMATE OF COLLECTIBLE REVENUE TO CITY OF RIVERSIDE  
NORTHSIDE SPECIFIC PLAN - COST REIMBURSEMENT PROGRAM  
CITY OF RIVERSIDE**

	<b>Non-Residential</b>	<b>Residential</b>
<b>I. Maximum Supported Program Fee</b>	\$0.064 /SF	\$77 /Unit
<b>II. City of Riverside Build-Out <sup>(1)</sup></b>	11,338,000	5,001
<b>III. Estimated Cost Recovery to City of Riverside</b>	\$726,000	\$385,000
<b>IV. Estimated Maximum Fee Revenue Collected by City of Riverside</b>		<b>\$1,111,000</b>

(1) Reflects total build-out of the adopted Specific Plan; does not account for existing built development. Excludes properties in the City of Colton and unincorporated County of Riverside.