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Council Action and Executive Summary

Item # 13 **Ordinance/Resolution#** 11-136 **Council District:** ALL

For Meeting of December 6, 2010
(Adoption Date)

TITLE: A RESOLUTION ADOPTING THE 2010-2020 IMPACT FEE LAND USE ASSUMPTIONS FOR MAJOR ROADS, DRAINAGE, AND PUBLIC SAFETY AS REQUIRED BY LAS CRUCES MUNICIPAL CODE CHAPTER 33, DEVELOPMENT IMPACT FEE.

PURPOSE(S) OF ACTION: Adopt the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document.

Drafter and Staff Contact: Loretta M. Reyes, PE		**Department:** Public Works		**Phone:** (575) 528-3171	
Department	**Signature**	**Phone**	**Department**	**Signature**	**Phone**
Public Works Director		528-3125	Budget		541-2107
Other			Assistant City Manager		541-2271
Legal		541-2128	City Manager		541-2076

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

In August 2006, the City of Las Cruces (City) awarded a contract to Duncan & Associates to review the City's Development Fee Ordinance and to conduct a fee study for the proposal and implementation of impact fees for major roads, drainage systems, and public safety. The City recognizes the importance of conducting a fee study to establish reasonable impact fee(s) that will enable the City to finance improvements that will support an established level of service or to recommend a level of service that may be reasonable to support future growth.

In New Mexico, impact fees are calculated and assessed as outlined in state statutes under the Development Fees Act (Act). The Las Cruces Municipal Code also has similar legislation mirroring this Act. This legislation authorizes municipalities to impose impact fees, provided the fees comply with certain standards. The Act requires that Land Use Assumptions (LUA) and an Impact Fee Capital Improvements Plan be documented and completed before impact fees can be assessed by the City.

The City directed Duncan Associates to undertake a two phase process to include both documents listed above. The first phase of this project is to develop the LUA document. This report defines the quantity of new development expected over the next ten years, and the geographic area within which that development will occur. This information also includes an overview of factors which have influenced, and is expected to influence growth in Las Cruces. The estimate and projection of new development are defined in terms of impact fee property types (single family, multi-family, hotel rooms, and non residential).

An initial Impact Fee LUA document was approved by the Capital Improvements Advisory Committee (CIAC) in June 2008 for recommendation to the City Council for approval. Accordingly, Duncan Associates, under City staff direction, completed a draft Impact Fee Capital Improvement Plan (IFCIP) document. The draft IFCIP document was presented to the City Council at work sessions held on March 9, 2009, April 8, 2009, and May 6, 2009. As a result of these work sessions, City Council provided direction to City staff to proceed with the impact fee process, to generate service area/geographic options based on their feedback and to take these options forward to the CIAC for their feedback and recommendation to the City Council.

Duncan Associates reviewed and compiled the information collected from each work session into a summary document listing service area/geographic options that included City-wide Fees, Two-Tier Road Fees, and "Growth Area" Only Fees. On December 19, 2010, the CIAC made a recommendation to accept and support the "Growth Area" Only Fees service area. Subsequently, Duncan Associates presented the summary document and the CIAC recommendation to the City Council on January 11, 2010. The City Council further discussed the options and the summary document at their February 17, 2010 meeting. After much discussion, the City Council directed staff to proceed with exempting the "In-fill" area of the city (as in the "Growth Area" Only Fees service area/geographic option); keeping the public safety fee as a city-wide fee; and, to consider excluding or showing the West Mesa Industrial Park separately. With this direction, both the Land Use Assumptions and IFCIP document must be revised to reflect the City Council's direction.

The final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document (final LUA document), attached as Exhibit A, is complete and takes into consideration the feedback received from the City Council at the various work sessions and City Council meetings listed above. The final LUA document was presented to the CIAC on September 16, 2010. The resultant consensus from the CIAC was to schedule this topic for further discussion at their next meeting. In the meantime, City staff held a public meeting on October 5, 2010 to provide an opportunity for the public to ask questions and to find out the project status. The final LUA document was presented to the CIAC on October 21, 2010. At this meeting, the CIAC approved the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document for recommendation to the City Council for their approval.

SUPPORT INFORMATION:

1. Resolution.
2. 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety Document, Exhibit A.

SOURCE OF FUNDING:

Is this action already budgeted?	**N/A**		
	Yes	☐	See fund summary below
	No	☐	If No, then check one below:
	Budget Adjustment Attached	☐	Expense reallocated from: _____
		☐	Proposed funding is from a new revenue sour (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?			
	Yes	☐	Funds will be deposited into this fund: _____in the amount of $_____.
	No	☒	There is no new revenue generated by this action.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remainin Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document. This option will allow City staff to bring forth the Impact Fee Capital Improvements Plan for review and approval.
2. Vote "No"; this will not approve the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document. This action will reject the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document and instruct staff to either re-scope or abandon this project altogether. Without these impact fees the City of Las Cruces will have to explore other alternatives to fund major roads, drainage and public safety projects that support the future growth of the city.
3. Vote to "Amend"; this could approve the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document with additional modifications or it could change the purpose of the Resolution.
4. Vote to "Table"; this could delay the entire impact fee process including the future presentation and review of the Impact Fee Capital Improvement Plan and implementation of development impact fees for major roads, drainage, and public safety.

REFERENCE INFORMATION

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. N/A

RESOLUTION NO: 11-136

A RESOLUTION ADOPTING THE 2010-2020 IMPACT FEE LAND USE ASSUMPTIONS FOR MAJOR ROADS, DRAINAGE, AND PUBLIC SAFETY AS REQUIRED BY LAS CRUCES MUNICIPAL CODE CHAPTER 33, DEVELOPMENT IMPACT FEE.

The City Council is informed that:

WHEREAS, in August 2006, the City of Las Cruces (City) awarded a contract to Duncan Associates to conduct a study for the proposal and implementation of impact fees for major roadways, drainage systems, and public safety facilities; and

WHEREAS, in New Mexico, impact fees are calculated and assessed as outlined in state statutes under the Development Fee Act (Act); and

WHEREAS, the Las Cruces Municipal Code Chapter 33 also has similar legislation mirroring this Act; and

WHERAS, the Act authorizes municipalities to impose impact fees, provided the fees comply with certain standards. The Act requires that Land Use Assumptions (LUA) and an Impact Fee Capital Improvements Plan be documented and completed before impact fees can be assessed by the City; and

WHEREAS, Duncan Associates has prepared the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document consistent with the New Mexico Development Fees Act and the Las Cruces Municipal Code Chapter 33, Development Impact Fee; and

WHEREAS, approved Land Use Assumptions are necessary for the Las Cruces City Council to impose development impact fees; and

WHEREAS, the Capital Improvements Advisory Committee approved the 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document on October 21, 2010 for recommendation to the City Council for their approval.

Resolution No: 11-136
Page 2

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the final 2010-2020 Impact Fee Land Use Assumptions for Major Roads, Drainage, and Public Safety document, as required by Las Cruces Municipal Code Chapter 33, Development Impact Fee and as attached hereto as Exhibit A and made part of the Resolution, is hereby adopted.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 2010.

APPROVED:

(SEAL)

_____
Mayor

ATTEST:

_____
City Clerk

VOTE:
Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Connor: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Thomas: _____

Moved by: _____

Seconded by: _____

Approved as to Form:

_____
City Attorney

EXHIBIT A

2010-2020 Impact Fee Land Use Assumptions

for

Major Roads, Drainage and Public Safety

City of Las Cruces
PEOPLE HELPING PEOPLE

duncan associates

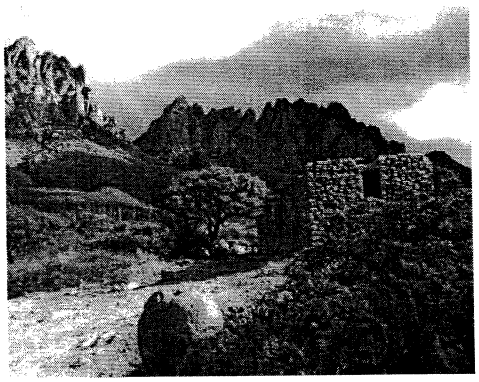
October 2010

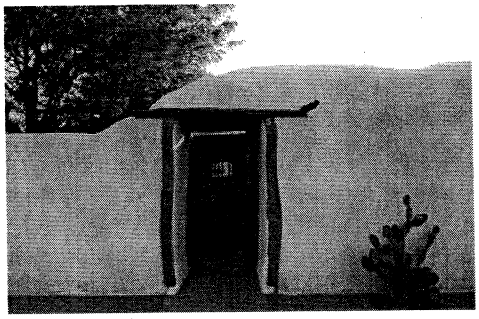
Table of Contents

List of Tables

List of Figures

INTRODUCTION





This report presents land use assumptions that will be used to quantify public safety, road and drainage impact fees that may be adopted by the City of Las Cruces. It should be noted at the outset that, because the impact fees will be based on the existing level of service, only the estimates of existing land use will have a direct effect on the amount of the fees. The growth projections will provide an estimate of capital needs and impact fee revenues over the next ten years, but will not affect the amount of the fees themselves.

Impact fees are one of the most direct ways for local governments to assess new development for the cost of capital facilities that it requires. Impact fees are a one-time charge, typically paid at building permit issuance. They can be used only to fund the cost of added capital facility capacity required to meet demand from new development. The fee amount represents an equitable, pro rata share of the total cost of that capacity.

In New Mexico, impact fees are calculated and assessed under the terms of an impact fee enabling act – the *Development Fees Act* – which authorizes municipalities to impose impact fees, provided the fees comply with certain standards. Principal among the requirements is that "...the fee shall not exceed the cost to pay for a proportionate share of the cost of system improvements, based on service units, needed to serve new development."[1] A service unit is a measure of new development that reflect the demand for a particular type of facility or service. A companion study (the *Capital Improvements Plan for Impact fees for the City of Las Cruces*) will translate the existing and projected development documented in this report into service units appropriate for each of the three facility types, and calculate the maximum impact fees that could be adopted by the City of Las Cruces.

The *Development Fees Act* states that land use assumptions should include "a description of the service area and projections of changes in land uses, densities, intensities and population in the service area over at least a five-year period." [2] Specifically, the *Development Fees Act* requires that two analytical documents to be prepared before impact fees can be assessed:

1. *Land use assumptions* must be defined in order to project the quantity of new development in terms of new service units anticipated over a 5-10 year period.

[1] Section 5-8-7, NMSA.
[2] The *Development Fees Act* (Section 5-8-2.J)

2. An *impact fee capital improvements plan* must be prepared to show how demand for added capital facility capacity generated by new development is translated into cost, and specifically, cost per new service unit.

This report documents the land use assumptions. It includes an overview of factors that have influenced, and are expected to influence, growth in Las Cruces. It also documents calculation of the current land use inventory and projected new development for a period of the next 10 years. The estimates and projections are defined in terms of impact fee property types (single-family, multi-family, hotel rooms, and nonresidential). This analysis also includes population estimates and projections based on the current estimates used in the Vision 2040 draft regional planning study.[3] (Population is not used directly in the calculation of impact fees but does give context to the land use analysis.)

For this study, the population and land use estimates and projections are calculated based on the following information sources:

- Current population is from the City of Las Cruces Community Development Department (CDD). Future population is projected as a trend, based on the historic rate of growth and assumptions used in the City and County's Vision 2040 draft regional planning study.

- The current city-wide residential inventory is from CDD analysis. Residential growth (including single-family and all other residential property types) is derived based on overall population growth rates and household size trends.

- The inventory of hotel rooms is as provided by the Las Cruces Convention and Visitors Bureau. Growth in the number of lodging units is as defined by an analysis for the City by RCB Capital Markets.

- The current inventory of nonresidential property is from analysis of tax records from the Dona Ana County Assessor's Office. Growth in the nonresidential property stock is estimated based on the rate of residential growth – calculated using the current ratio of nonresidential square feet to number of residential units.

- Current development and growth trends in the areas of the city outside the infill area are based on an analysis of County Assessor data using the City's Geographic Information System (GIS).

[3] Peter J. Smith & Company, Inc., City of Las Cruces and Dona Ana County, New Mexico, *Vision 2040 Regional Planning Project, Working Draft*, June 10, 2010.

Impact Fee Planning Horizon

The *Development Fees Act* requires that impact fee land use assumptions cover a period of at least five years, and that the IFCIP cover a period not to exceed 10 years. Because land use assumptions will be used also to calculate impact fee credits (typically based on a 10 year or longer planning horizon), this report will implement based on a 10-year projection horizon – 2010 to 2020.

Impact Fee Service Area Methodology

Land use assumptions are required by the *Development Fees Act* to be prepared for each service area. In turn the IFCIP must include a description and cost of planned capital improvements for each service area. Impact fees collected within a service must be spent within that service area. The *Act* defines "service area" as:

> "the area within the corporate boundaries or extraterritorial jurisdiction of a municipality or the boundaries of a county to be served by the capital improvements or facility expansions specified in the capital improvements plan designated on the basis of sound planning and engineering standards." [4]

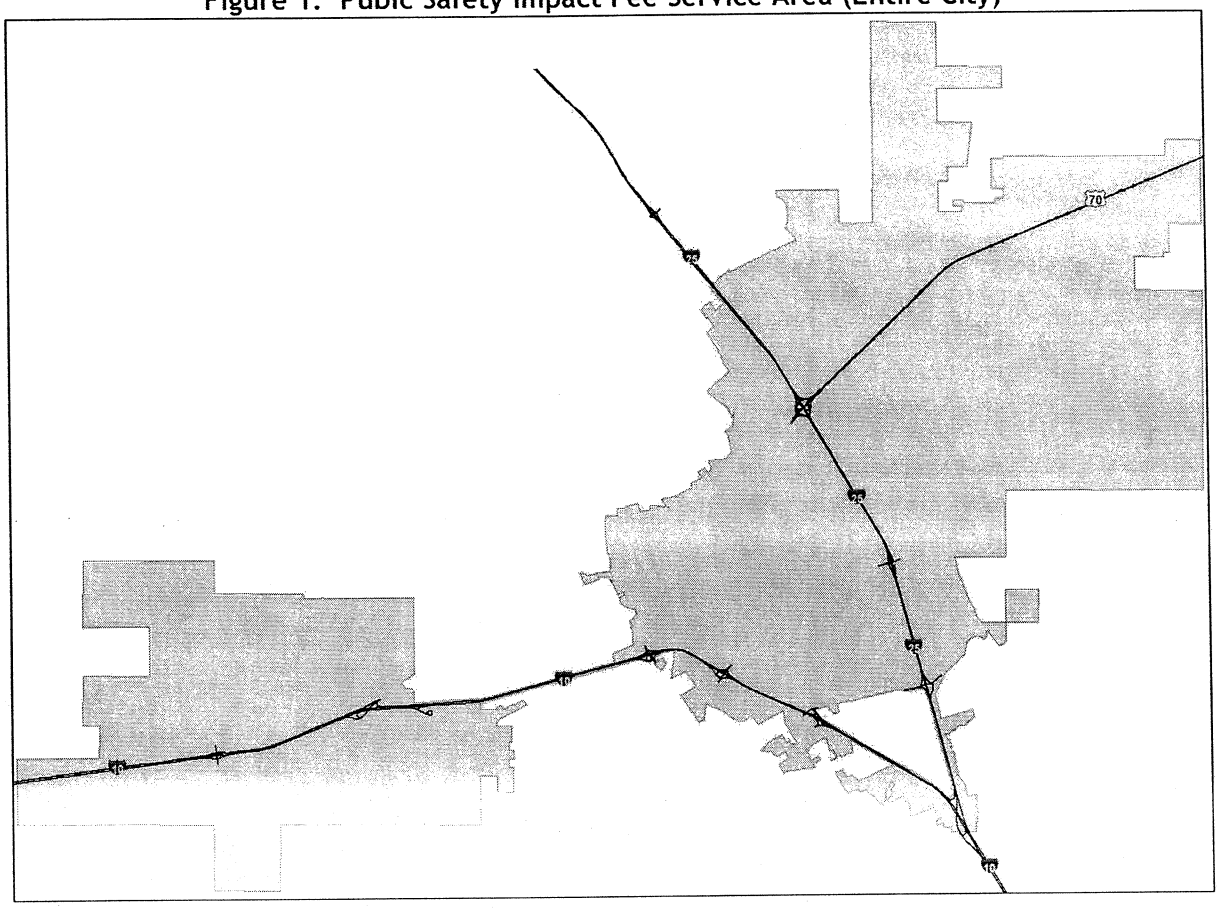
A service area is thus a geographic area in which a defined set of improvements provide benefit to an identifiable group of new development units. All development within a service area is subject to the same impact fee schedule. Land use assumptions and the IFCIP are each defined in terms of this same geography so that demand, improvement projects needed to meet that demand and cost are all expressed in the same terms.

The requirement that a service area be defined on the basis of "sound planning and engineering standards" gives local governments in New Mexico considerable discretion in the delineation of service areas. Basic objectives are that the new capital facilities be reasonably accessible and available to new development throughout the area, and that they provide service at roughly the same standard (level of service standard, or "LOS") throughout the area.

The proposed public safety impact fee is structured as a city-wide service area, with the entire city included in the service area designation, as shown in Figure 1. This approach is appropriate, since public safety services are provided on a system-wide basis and is consistent with City Council approved Resolution 09-10-572, which calls for keeping the public safety fee as a city-wide fee. Costs for centralized police and fire facilities cannot easily be allocated by subarea, and fire-fighting apparatus located in a particular fire station will respond to calls some distance from the station if the equipment located closer is out on another call. In addition, the definition of a large number of small service areas is problematic and should be avoided for public safety fees, which tend to generate less revenue than road and drainage fees. Because funds collected within the service area must be spent within that area, and spent within a seven-year period, multiple small service areas could restrict flexibility and may make it difficult to accumulate sufficient revenue to fund any major projects within the time allowed.

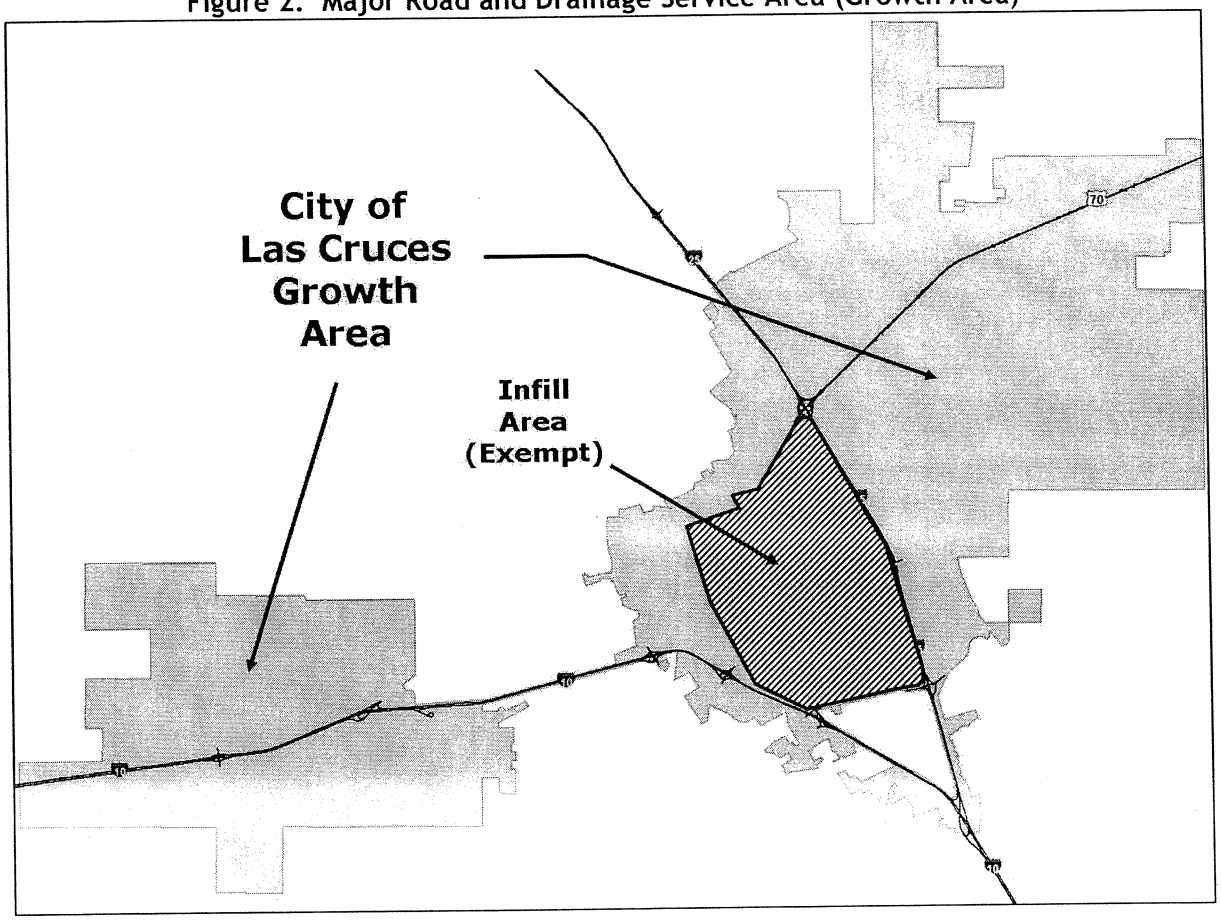
[4] Section 5-8-2.O, NMSA

Figure 1. Pubic Safety Impact Fee Service Area (Entire City)



On May 17, 2010, the City Council approved Resolution 09-10-572, which calls for assessing the road and stormwater drainage impact fees in the growth area of the city and exempting the infill area, where much of the infrastructure has already been built and development potential is limited to infill development. The City Council adopted the *Infill Policy Plan*, which was intended to "provide guidelines and incentives for the development of vacant and possibly underutilized parcels or those parcels ready for redevelopment with Las Cruces' urban core area," in 1998. The Plan defines the infill area as the area bounded by I-25 on the east, University Avenue on the south, Valley Drive on the west and Hoagland Road, Alameda Boulevard, Three Crosses Avenue and North Main Street on the north (see Figure 2).

Figure 2. Major Road and Drainage Service Area (Growth Area)



As annexations occur the boundaries of both of the proposed service areas will expand to include the annexed areas. Annexations are not expected to have a material effect on the amount of the impact fees, because future annexations are expected to be undeveloped land that will not add significant population or housing units. According to City staff, new development is expected to occur to the north and to the east of the current City limits over the 10-year planning horizon of these land use assumptions. Limited development is expected to occur in the near term in the industrial areas near the southwestern portion of the city, which has limited services of its own and relies on the central city area for services.

The *Development Fees Act* makes provision for the assessment of impact fees within a municipality's extraterritorial zone (ETZ).[5] The City and County have established an Extraterritorial Zoning Authority and comprehensive plan, but the City has not negotiated an agreement for the assessment of public safety, road or stormwater impact fees within the ETZ. Therefore, the ETZ is not part of the service area for any of the impact fee facilities.

[5] Section 5-8-3.C, NMSA allows for the provision of capital facility capacity and the assessment of impact fees within the extraterritorial zone by means of a joint powers agreement between the City and County.

TECHNICAL ANALYSIS

This report is the first of two analyses required by the *Development Fees Act* to document and implement impact fees for major roads, drainage and public safety facilities in Las Cruces.

As required by the *Development Fees Act,* this report defines the quantity of new development expected over the next ten years, and the geographic areas within which that development will occur (the "impact fee service areas"). The next step in the process is to calculate the cost of capital facilities needed to meet demand from new development, and the amount of the impact fee. This is accomplished by means of a forthcoming report, the *Impact Fee Capital Improvements Plan* (IFCIP). The IFCIP will be completed once these land-use assumptions are adopted. The IFCIP details requisite new capital facilities, and parts of facilities, needed to meet demand from new development, and shows calculation of the impact fee for each property type (different classes of new development present different levels of demand for capital facility capacity, and so are assessed different impact fee amounts). The IFCIP includes a detailed impact fee schedule, which, once adopted, will be the basis for impact fee assessment in Las Cruces.

Background

Las Cruces is located in the Mesilla Valley in southern New Mexico at the junction of three major highways: Interstate 25, Interstate 10 and U.S. Highway 70. The city is about 45 miles north of El Paso, Texas and Juarez, Mexico and 225 miles south of Albuquerque, New Mexico. Because of its location, Las Cruces is in close proximity to foreign and/or untapped markets. In the past 10 years, a variety of large and moderately sized companies have located within and around the community. These companies continue to tap into the available workforce, ports of entry, accessible transportation corridors and transportation modes, technology and other resources. Recent increases in population have stimulated housing growth and growth in the retail/service sector of the economy.

Existing Land Use and Historic Growth Patterns

Figure 3 details the type of land use that now exists in Las Cruces. It also shows that growth has followed patterns of annexation that have prevailed over the past 50 years. (Annexation history is discussed below and illustrated in Figure 5).

Figure 3. Existing Land Use

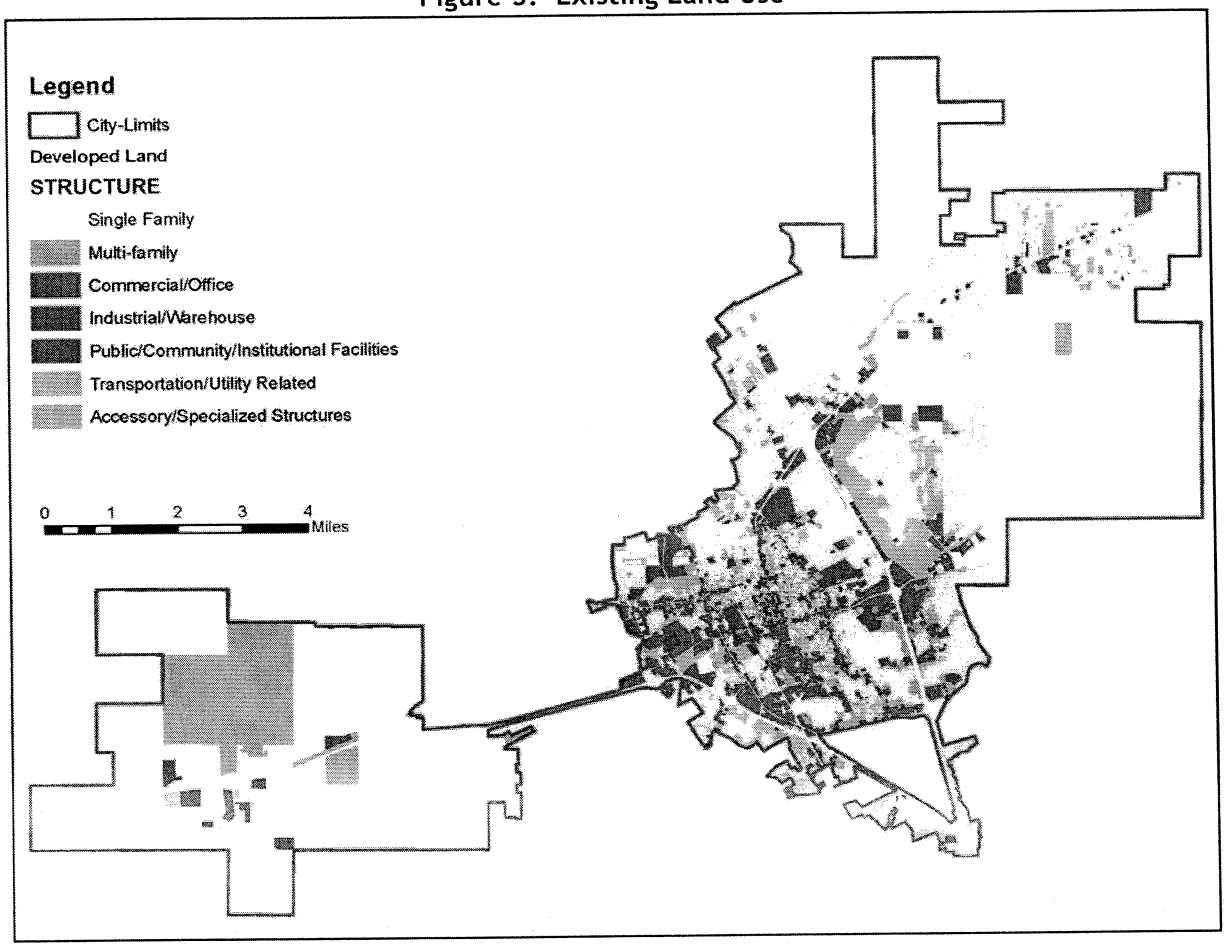


Figure 4 on page 8 shows the generalized zoning categories for remaining developable land in Las Cruces based on the actual zoning districts, relative to land that has already been developed. It illustrates how land can be expected to be developed in the future – in terms of both the type and location of new development.

Figure 4. City of Las Cruces Land Use Zones

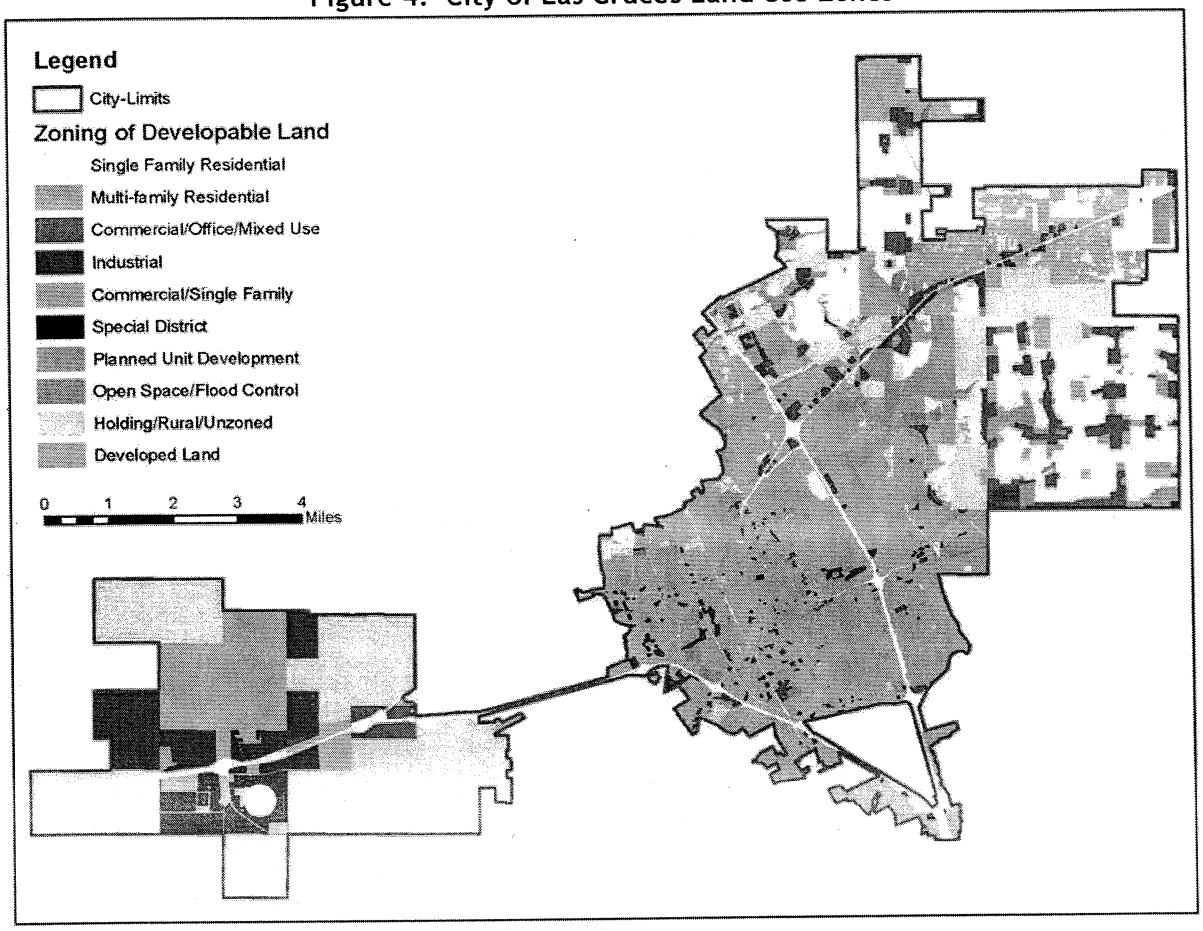
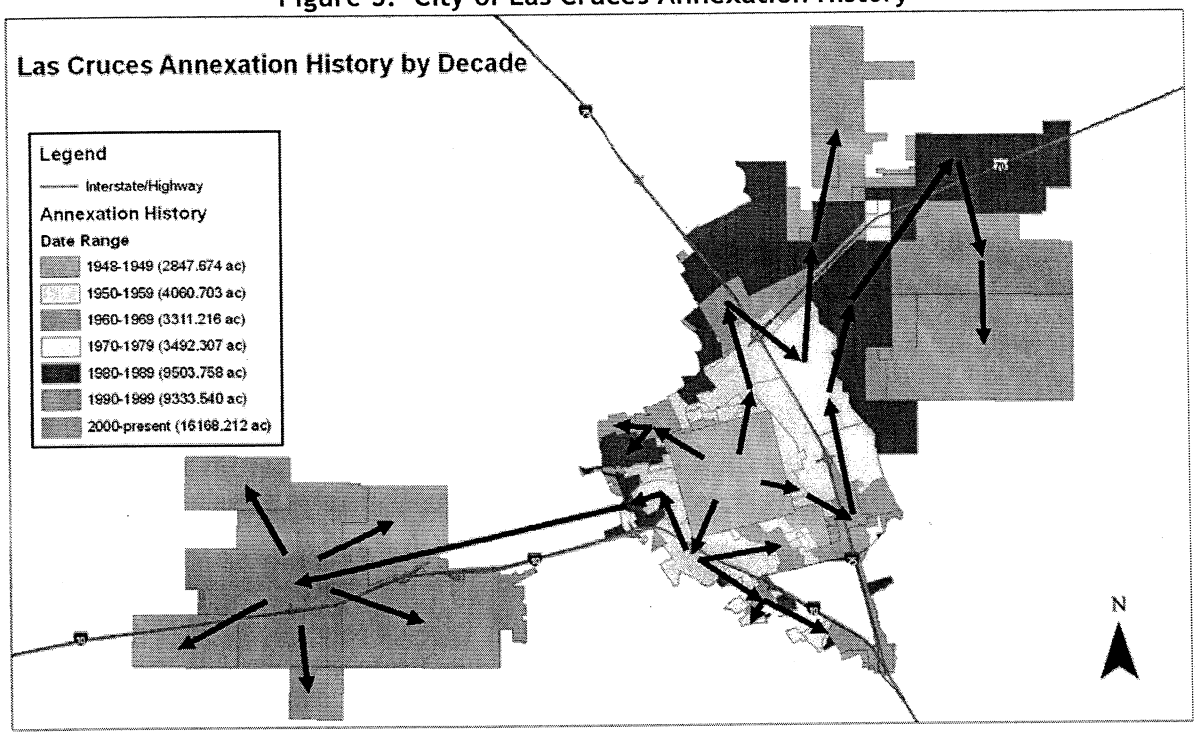


Figure 5 on page 9 illustrates the pattern of annexation that has prevailed in Las Cruces since World War II. As can be seen, annexations have significantly expanded City boundaries since that time. The pattern of new development has been toward the north and east along U.S. Highway 70, with recent annexations occurring directly east of I-25 and to the west around the Las Cruces International Airport.

Figure 5. City of Las Cruces Annexation History



Population and Housing Growth Trends

As a result of annexations and new development, the City of Las Cruces has experienced consistent population growth over the past decade. As shown in Table 1, the City of Las Cruces has experienced average annual growth of approximately 2.8% based on population estimates from the Community Development Department. The City's population estimates are consistent with the U.S. Census population growth estimates for 2000 through 2009; although Census estimates indicate that the city experienced slightly lower growth of 2.7% annually during this period. The city's growth rate has been higher than the average growth rate in Dona Ana County during the same period.

Table 1. Population Growth, 2000 to 2010

	City of Las Cruces		Dona Ana
Year	CDD	US Census	County
2000	73,539	73,539	174,682
2001	75,016	75,230	176,460
2002	76,352	76,697	178,473
2003	78,204	79,056	182,147
2004	81,057	81,252	184,935
2005	83,649	84,610	189,265
2006	87,697	87,744	193,779
2007	91,730	90,060	198,205
2008	93,910	91,865	201,428
2009	95,128	93,570	206,419
2010	96,994	na	na
Avg. Annual	2.81%	2.71%	1.87%

Source: City of Las Cruces Community Development Department, July 2010.

As shown in Table 2, the housing stock in the City of Las Cruces grew by 12,297 units from 2000 through 2009, increasing by an average of 3.34% annually. Single-family housing units accounted for 63.3% of the new units built.

Table 2. New Housing Units, City-Wide, 2000-2010

	New Dwelling Units Permitted				
Year	Single-Family	Multi-Family	Mfg. Home	Total	Total Units
2000	271	242	215	728	31,652
2001	307	273	186	766	32,380
2002	520	291	191	1,002	33,146
2003	755	499	204	1,458	34,148
2004	803	301	260	1,364	35,606
2005	1,460	381	169	2,010	36,970
2006	1,459	395	165	2,019	38,980
2007	952	83	161	1,196	40,999
2008	632	36	98	766	42,195
2009	627	285	76	988	42,961
2010	na	na	na	na	43,949
Total	7,786	2,786	1,725	12,297	
% of New Units	63.3%	22.7%	14.0%		
Average Annual Increase					3.34%

Source: Annual dwelling units permitted from City of Las Cruces Community Development Department, July, 2010; 2000 total units from 2000 U.S. Census; total units for 2001-2010 are sum of total units and new units permitted in the previous year.

As shown in Table 3, single-family homes (including manufactured housing) account for 69% of the existing housing stock based on the permit data over the past ten years and the total housing stock from the 2000 U.S. Census. For this analysis, the single-family units include units classified in the City's permit data and 2000 U.S. Census data as manufactured homes. Multi-family units account for 31% of the city's housing stock.

Table 3. Housing Units by Type, City-Wide, 2010

	Single-Family	Multi-Family	Total Units
2000 Census	20,804	10,730	31,652
Permits (2000-2009)	9,511	2,786	12,297
2010 Units	30,315	13,516	43,949
Share	69.0%	31.0%	100.0%

Source: 2000 housing data from U.S. Census; permit data from Table 2.

The higher rate of increase in the number of housing units when compared to the overall increase in population is consistent with the historic pattern of declining household size. As shown in Table 4, the average number of persons per housing unit in the City of Las Cruces declined from 2.35 in 1990 to 2.28 in 2000, and the CDD estimates shows a continued decline to 2.17 persons per unit by 2020.

Table 4. Persons per Unit, 1990-2020

Year	Persons Per Unit
1990	2.35
2000	2.28
2010	2.21
2020	2.17

Source: 1990 and 2000 data from U.S. Census; 2010 data is ratio of 2010 population from Table 1 to 2010 housing units from Table 2; 2020 forecast from City of Las Cruces CDD, January 4, 2008.

Growth Area Housing Trends

The share of housing growth attributed to the growth area is based on an analysis of Dona Ana County Assessor's Office tax records. The tax record files for the City were analyzed by the City's Geographic Information Services (GIS) Department to determine if they were located inside or outside the city's infill area. The residential parcels were sorted by date developed in order to determine both the total share of existing development in the growth area and the area's share of total city-wide development over the past two decades.

As shown in Table 5, the growth area currently contains 61% of the city's developed single-family parcels and 59% of the city's developed multi-family parcels. Over the past two decades the growth area has captured a greater share of new development, accounting for 95% of the new single-family development and 84% of the multi-family development during the past decade. Given the limited area for redevelopment within the infill area and the amount of land available for development in the growth area, these trends are expected to continue over the next decade. Based on the recent development trends this study estimates that 97% of city-wide single-family development and 87% of multi-family development will occur in the growth area from 2010 to 2020.

Table 5. Developed Residential Parcels by Area, 1990-2010

	City-Wide		Growth Area		Growth Area Share	
	Single-Family	Multi-Family	Single-Family	Multi-Family	Single-Family	Multi-Family
Before 1990	13,038	1,974	4,497	970	34%	49%
1990-2000	3,205	512	2,913	393	91%	77%
2000-2010	7,504	447	7,133	375	95%	84%
Total, 2010	23,747	2,933	14,543	1,738	61%	59%
2010-2020 Est.					97%	87%

Note: Analysis excludes manufactured homes; analysis is based on parcel records.
Source: Duncan Associate's analysis of land use records for City of Las Cruces from Dona Ana County Assessor's Office, July 28, 2010; break-out of parcels by area from City of Las Cruces GIS Department, August 3, 2010.

Projected Growth, 2010 to 2020

This section provides a projection of land use change for the next 10 years (2010-2020) based on an analysis of recent growth and social and economic factors. The location of Las Cruces and its proximity to various economic resources indicate that there are many local and regional influences that may affect growth in the city. These have the potential to increase both population and housing, and to affect the pattern and direction of growth.

Local growth influences include economic development as evidenced by the Mesilla Valley Economic Development Association and the Arrowhead Research Center, potential new troop deployment to White Sands Missile Range (WSMR), the Las Cruces Convention Center and the growth of New Mexico State University (NMSU) student population and resultant increase in demand for accommodations. Regional growth influences include the newly planned Spaceport America and the addition of military personnel at Fort Bliss. According to an NMSU projection, Spaceport America is expected to generate 2,300 new jobs by its fifth year of operation (a Futron study projects over 5,000 new jobs by 2020). Dona Ana County and the adjacent Sierra County have both approved a gross receipt tax dedicated to the construction of the Spaceport. Fort Bliss is expected to eventually add 25,827 soldiers and civilians (not including dependents); however, there is currently no target date for the expansion.

All of these factors, taken together, could potentially have the effect of maintaining or increasing demand for undeveloped land, and of maintaining or increasing the growth rate (especially the rate projected for the planning period covered by these land use assumptions). It is most important to specify a conservative growth projection for purposes of impact fee planning. Note also that the effect of the growth influences must be considered in context of the current, uncertain economic climate.

Population

As shown in Table 6, the city-wide population is projected to grow by 1,971 annually from 2010 to 2020. This projection is a linear trend based on the range of estimated population growth forecasts used by the City and County in the Vision 2040 draft regional planning project. The growth rates presented in the Vision 2040 plan were developed for the entire county based on several different regional growth models with the city's share of future growth based on a consistent 46.9% share of the county's population. The linear population growth model results in a projected annual population growth rate of 1.9%, which is approximately two-thirds the growth rate experienced over the past ten years.

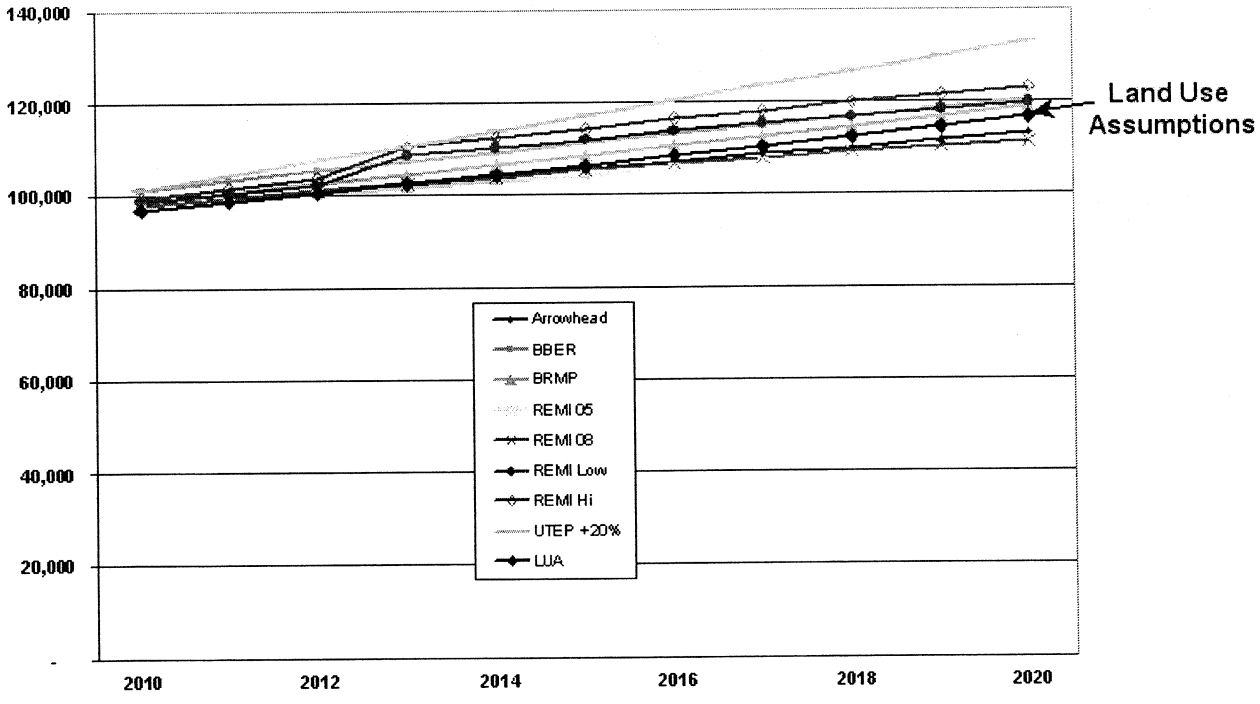
Table 6. Population Growth, 2010 to 2020

Year	City-Wide	Growth Area
2010	96,994	58,802
2011	98,805	60,559
2012	100,650	62,345
2013	102,529	64,164
2014	104,443	66,015
2015	106,393	67,901
2016	108,380	69,820
2017	110,404	71,774
2018	112,465	73,765
2019	114,565	75,789
2020	116,704	77,853
Avg. Annual % Change	1.87%	na
Avg. Annual Pop. Change	1,971	na

Source: City-wide population projection is a linear trend for City of Las Cruces based on average projected growth trend from Peter J. Smith & Company, Inc., *Las Cruces and Dona Ana County Vision 2040 Regional Planning Project*, June 10, 2010 draft; growth area population estimates based on growth area share of city-wide housing units derived from Table 8 and Table 9.

Figure 6 shows a comparison of population growth as projected in this analysis to the range of projections used in the regional planning project. The population projections used in this study are in the midrange of the growth projection series presented in the Vision 2040 draft regional planning document.

Figure 6. City-Wide Population Projections



Housing

The projected growth in housing is based on the population growth rate and persons per unit trends. While housing stock growth has been about 3.3% per year during the last decade, growth over the next decade is projected to be significantly slower–about 2.0% per year, as shown in Table 7. The lower growth rate reflects the current economic environment and need for the market to absorb the existing housing inventory. The projected residential growth rate corresponds with the growth rate currently being used by the City of Las Cruces Budget Department for residential building permits, which projects about 5,000 permits for the period 2010 to 2015.[6]

Table 7. City-Wide Housing Growth Rate, 2010-2020

Population Projection, 2020	116,704
÷ Average Housing Unit Size, 2020	2.17
Estimated Housing Units, 2020	53,781
– Existing Housing Units, 2010	-43,949
New Units, 2010-2020	9,832
Annual Growth Rate, 2010-2020	2.0%

Source: Population projection from Table 6; average housing unit size from Table 4; existing unit from Table 3.

Table 8 shows the city-wide projection of housing units by type from 2010 through 2020. The city-wide analysis is used for the public safety impact fee and is used as the base data for developing the detailed land use estimate for the growth area. The total number of city-wide residential units is based is the annual housing growth rate calculated in the previous table. The single-family and multi-family shares of total units are based on the actual share in 2010.

Table 8. City-Wide Housing Projection, 2010-2020

		Single-Family			Multi-Family		
Year	Total	Share	Number	Change	Share	Number	Change
2010	43,949	69.0%	30,315		31.0%	13,634	
2011	44,845	69.0%	30,943	628	31.0%	13,902	268
2012	45,760	69.0%	31,574	631	31.0%	14,186	284
2013	46,693	69.0%	32,218	644	31.0%	14,475	289
2014	47,645	69.0%	32,875	657	31.0%	14,770	295
2015	48,617	69.0%	33,546	671	31.0%	15,071	301
2016	49,609	69.0%	34,230	684	31.0%	15,379	308
2017	50,621	69.0%	34,928	698	31.0%	15,693	314
2018	51,653	69.0%	35,641	713	31.0%	16,012	319
2019	52,706	69.0%	36,367	726	31.0%	16,339	327
2020	53,781	69.0%	37,109	742	31.0%	16,672	333
Avg. Annual % Change	2.0%		2.0%			2.0%	
Avg. Annual Change	983		679			304	

Source: 2010 units and share of units from Table 3; 2011-2020 total units is previous year times annual growth rate from Table 7.

As discussed, the number of total existing single-family and multi-family units in the growth area is based on the growth area's share of city-wide developed parcels. The existing units in the growth area are estimated based on the total city-wide units multiplied by the growth area's share of developed parcels from Table 5 on page 11. The annual change in the number of units is calculated by multiplying the city-wide change in units by the growth assumption for each housing type. The

[6] Las *Cruces Fiscal Year 2010-11 Budget*, "Economic Outlook Overview," April, 2010.

single-family share of total housing is based on the growth area's existing mix of single-family and multi-family parcels.

Table 9. Growth Area Housing Projection, 2010-2020

		Single-Family			Multi-Family		
Year	Total	Share	Number	Change	Share	Number	Change
2010	26,644	69.7%	18,565		30.3%	8,079	
2011	27,486	69.7%	19,174	609	30.3%	8,312	233
2012	28,345	69.7%	19,786	612	30.3%	8,559	247
2013	29,221	69.7%	20,411	625	30.3%	8,810	251
2014	30,115	69.7%	21,048	637	30.3%	9,067	257
2015	31,028	69.7%	21,699	651	30.3%	9,329	262
2016	31,959	69.7%	22,362	663	30.3%	9,597	268
2017	32,909	69.7%	23,039	677	30.3%	9,870	273
2018	33,879	69.7%	23,731	692	30.3%	10,148	278
2019	34,867	69.7%	24,435	704	30.3%	10,432	284
2020	35,877	69.7%	25,155	720	30.3%	10,722	290
Avg. Annual % Change	3.0%		3.1%			2.9%	
Avg. Annual Change	923		659			264	

Source: 2010 single-family and multi-family units based on existing city-wide units from Table 8 multiplied by 2010 growth area shares from Table 5; 2011-2020 units based on new city-wide units from Table 8 multiplied by growth area share of new development (97% of new single-family development and 87% of new multi-family development) from Table 5.

Nonresidential Land Use

The existing nonresidential land use inventory is derived from an analysis of the County Assessor data, which contains gross square feet of commercial land use structures for generalized nonresidential land use categories. The nonresidential parcels were broken out by infill and growth area by the City's GIS Department.

Table 10. City-Wide Nonresidential Square Feet, 2010

Land Use Type	Infill Area	Growth Area	Total
Retail	2,854,997	2,622,096	5,477,093
Office/Bank	2,359,848	1,989,365	4,349,213
Other/Institutional	1,746,503	877,338	2,623,841
Industrial	1,710,952	2,557,030	4,267,982
Total Nonresidential	8,672,300	8,045,829	16,718,129

Source: Duncan Associates and City of Las Cruces GIS Department analysis of Dona Ana County Assessor database for City of Las Cruces land uses, July 28, 2010.

The nonresidential land use projection is based on the current land use estimates provided by the Dona Ana County Assessor's Office and the ratio of total residential units to nonresidential square feet. As shown in Table 11, there are 381 square feet of nonresidential development for every residential unit city-wide and 302 square feet in the growth area.

Table 11. Ratio of Nonresidential and Residential Development, 2010

	City-Wide			Growth Area		
Land Use	Residential Units, 2010	Sq. Ft. 2010	Sq. Ft./ Res. Unit	Residential Units, 2010	Sq. Ft. 2010	Sq. Ft./ Res. Unit
Retail	43,949	5,477,093	125	26,644	2,622,096	98
Office/Bank	43,949	4,349,213	99	26,644	1,989,365	75
Other/Institutional	43,949	2,623,841	60	26,644	877,338	33
Industrial	43,949	4,267,982	97	26,644	2,557,030	96
Total			381			302

Source: 2010 city-wide residential units from Table 8; 2010 growth area housing units from Table 9; nonresidential square feet from Table 10.

Growth in the nonresidential property stock is projected based on the residential growth rate, which is calculated based on the 2010 ratio of nonresidential square feet by property type to total residential units. As shown in Table 12, total city-wide nonresidential square feet is expected to increase by 2.4%. The ratios in the forecast of nonresidential development used in the land use assumptions increase slightly every year, at an annual rate of 0.3%, in order to account for faster nonresidential development. The number of hotel rooms and projected growth rate was provided by the Community Development Department and is based on a separate projection of the hotel market developed for the City of Las Cruces.

Table 12. City-Wide Nonresidential Projection, 2010-2020

				2010-2020	
Land Use	Unit	2010 (Actual)	2020 (Est.)	New Units	Annual Growth
Hotel/Motel	Room	2,904	3,145	241	0.8%
Retail	1000 sq. ft.	5,477	6,938	1,461	2.4%
Office/Bank	1000 sq. ft.	4,349	5,486	1,137	2.3%
Other/Institutional	1000 sq. ft.	2,624	3,334	710	2.4%
Industrial	1000 sq. ft.	4,268	5,378	1,110	2.3%
Total Nonresidential		16,718	21,136	4,418	2.4%

Source: Hotel/motel units and growth rate from City of Las Cruces CDD; 2010 nonresidential units from Table 11; 2020 nonresidential units based on 2020 residential units from Table 8 and square feet per residential unit from Table 11 inflated by a 0.3% annual growth in the ratio.

The growth rate of nonresidential land use in the growth area is based on the same methodology used for the city-wide nonresidential growth projects. As with residential land use, the growth area is expected to capture a greater share of new nonresidential growth than the infill area. As shown in Table 13, total growth area nonresidential development is expected to increase by 3.3% annually from 2010 to 2020.

Table 13. Growth Area Nonresidential Projection, 2010-2020

Land Use	Unit	2010 (Actual)	2020 (Est.)	2010-2020 New Units	2010-2020 Annual Growth
Hotel/Motel	Room	2,079	2,251	172	0.8%
Retail	1000 sq. ft.	2,622	3,624	1,002	3.3%
Office/Bank	1000 sq. ft.	1,989	2,763	774	3.3%
Other/Institutional	1000 sq. ft.	877	1,220	343	3.4%
Industrial	1000 sq. ft.	2,557	3,552	995	3.3%
Total Nonresidential		8,045	11,159	3,114	3.3%

Source: 2010 hotel/motel rooms based on city-wide rooms from Table 12 and growth area share of Dona Ana County Assessor square feet for hotel/motel units (72%); 2020 hotel/motel rooms based on 2010 rooms and city-wide hotel/motel growth rate from Table 12; 2010 nonresidential units from Table 11; 2020 nonresidential units based on 2020 growth area residential units from Table 9 and square feet per residential unit from Table 11 inflated by a 0.3% annual growth in the ratio.

Summary

The adoption of land use assumptions projecting future growth in each service area for a minimum of five years is a prerequisite for the adoption of impact fees pursuant to State law. This report presents 2010-2020 land assumptions for the city-wide service area for public safety impact fees, and for the "growth area" service area (entire city less designated infill area) for road and drainage impact fees. The land use assumptions are summarized in Table 14.

Table 14. Summary of Land Use Assumptions

Land Use	Unit	City-Wide 2010	City-Wide 2020	Growth Area 2010	Growth Area 2020
Population	Persons	96,994	116,704	58,802	77,853
Single-Family	Dwelling	30,315	37,109	18,565	25,155
Multi-Family	Dwelling	13,634	16,672	8,079	10,722
Hotel/Motel	Room	2,904	3,145	2,079	2,251
Retail	1000 sq. ft.	5,477	6,938	2,622	3,624
Office/Bank	1000 sq. ft.	4,349	5,486	1,989	2,763
Other/Institutional	1000 sq. ft.	2,624	3,334	877	1,220
Industrial	1000 sq. ft.	4,268	5,378	2,557	3,552

Source: Table 6, Table 8, Table 9, Table 12 and Table 13.

As was noted in the introduction, only the estimates of existing development will factor into the impact fee calculations, because the fees will be based on the existing levels of service. The growth projections will provide an estimate of capital needs and impact fee revenues over the next ten years, but will not affect the amounts of the fees.