



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-1025

Agenda Date: 11/19/2025

Agenda #: 16.

DATE: November 19, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Parks and Recreation Department

TITLE: CONSIDERATION OF ORDINANCES AMENDING CITY CODE CHAPTER 32B AND REPLACING CHAPTER 32D RELATED TO IMPACT FEES, AND CONSIDERATION OF A RESOLUTION ADOPTING A NEXUS STUDY, CAPITAL IMPROVEMENT PROGRAM, AND REVISED PARKS IMPACT FEE

RECOMMENDATION

Staff recommends that the City Council introduce an ordinance amending Chapter 32B of the City Code; introduce an ordinance repealing and replacing Chapter 32D of the City Code; and adopt a resolution adopting a parks impact fee nexus study, capital improvement program, and revised parks impact fee.

BACKGROUND AND ANALYSIS

In 1991, the City of Oceanside adopted a Parks Impact Fee to be levied on new residential development. The Parks Impact Fee is intended to ensure that new residential development projects provide a proportionate contribution towards development of parks and recreation facilities that serve the City's growing population. A fee nexus study establishes a legally defensible connection between new development and the public infrastructure costs it creates. The City collects the Parks Impact Fee when a certificate of occupancy is issued, and it is deposited in the Parks Fee Fund (598) that is managed by the Development Services Department. When the impact fee was first introduced it was set at \$2,200 per dwelling unit, and the cost to acquire and develop park land was \$200,000 per acre. The current fee is \$4,431 per residential unit, which the City collects at a flat rate for all types of residential development. The City last increased the fee in 2015 and it is among the lowest fees in the region today.

On December 4, 2019, the City Council approved a contract with Economic & Planning Services, Inc. (EPS) to prepare a nexus study to update the Parks Impact Fee. The City and EPS met with stakeholders from the community as well as building industry representatives. City staff and EPS attended the Building Industry Association (BIA) North County Legislative Committee meeting on April 12, 2023 and also met with community stakeholders on April 20, 2023. The City received comments during these meetings, and the nexus study and proposed updates to the Parks Impact Fee were scheduled to be presented to the Parks and Recreation Commission on May 9, 2023. On May 8, 2023, the City received a letter from Rutan & Tucker, LLP, on behalf of the BIA of San Diego County, which identified several concerns with the methodology included in the Nexus Study. Staff subsequently removed the item from the Parks and Recreation Commission agenda and worked with

EPS to update the Nexus Study and resolve the concerns that had been raised by the BIA. The pause also coincided with legal challenges in another jurisdiction regarding permit exactions as they relate to the Takings Clause of the Fifth Amendment.

Following the 2024 Supreme Court decision in *Sheetz v. County of El Dorado*, the City contracted with Harris and Associates to conduct a review of all development impact fees, including a peer review of the Parks Impact Fee Nexus Study completed by EPS. Harris and Associates provided several recommendations that were included in the current Nexus Study, including using a statistical regression analysis that correlates the average number of occupants per unit to the size of the unit. Harris and Associates completed this regression analysis and it was used by EPS to calculate the Parks Impact Fees in the current Nexus Study.

In September 2021, the State of California adopted Assembly Bill 602, which requires that updates to the Parks Impact Fee be calculated proportional to a residential project's size (square feet) rather than the existing fee methodology which is collected on a per-residential unit basis. The objective of the legislation was to encourage smaller, more affordable housing projects and ensure that fees were aligned with the actual impact of development. Through Harris and Associates' research, it was recommended that the City establish separate fees for single-family and multi-family units because establishing a separate fee would enhance the nexus for the fee given the differences in estimated persons per household and average unit size assumptions for each land use.

The attached Nexus Study has set the maximum Parks Impact Fee at \$6.03 per square foot for single family units and \$9.24 per square foot for multi-family homes. Based on the average size of units in Oceanside, the average fee of a single-family unit would increase to approximately \$11,500 with a maximum fee cap set at 4,100 square feet or \$24,712 per unit. The average fee for a multi-family unit would be \$9,439 per unit based on the average size of multi-family units in Oceanside. There is no maximum fee cap per unit for multi-family units because the correlation between unit size and household size does not decay until a unit size of 7,415 square feet, and it is unlikely that multi-family units of this size would be built in Oceanside.

The proposed Parks Impact Fee would be among the highest in the region; however, most other jurisdictions have not updated their fee since the passage of AB 602. Staff anticipates that other jurisdiction's fees will also substantially increase once updated. The following table indicates the Park Impact Fees assessed by other cities in the region.

City	Single Family Unit	Multi-Family Unit
San Marcos	\$6,697	\$4,472
Escondido	\$6,986	\$6,664
County of San Diego	\$9,295	\$8,062
Vista	\$9,933	\$9,871
Carlsbad	\$10,772	\$8,111
Encinitas	\$11,928	\$8,013
San Diego	\$20,124	\$15,852

The cost to develop an acre of parkland has increased to \$1,131,457, which is 5.7 times the

combined cost of land acquisition and development when the fee was first established in 1991. The proposed fees do not contemplate land acquisition costs because the City does not anticipate acquiring additional parkland in the next 10 years; however, collected fees could still be used for that purpose in the event such an opportunity presents itself. The Parks Impact Fees may not be used to address existing deficiencies, but may be used to refurbish existing facilities to maintain the existing level of service (currently 3.6 acres of parkland per 1,000 residents) or achieve an adopted level of service that is consistent with the City's general plan.

Recognizing that the proposed increase is significant, staff is proposing a phased implementation of the fee increases, which is an approach similar to implementing the Affordable Housing In-lieu Fee increase in 2024. With this phased approach, the Parks Impact Fee would increase to \$4.18 per square foot for single family units and \$6.79 per square foot for multi-family units 60 days after passage of the resolution. The second increase would take effect on January 1, 2027. At that time, the Parks Impact Fee would increase to \$6.03 per square foot for single family units and \$9.24 per square foot for multi-family units.

City staff hosted a meeting with the BIA on August 27, 2025 and the Nexus Study was posted on the Parks and Recreation Department webpage and distributed to an interested parties list established when the fee increase was initiated. Following recent discussions, the BIA requested that townhouses be assessed at the recommended single-family rate, as opposed to the multi-family rate. Their justification for this request is that townhomes function much more like single-family homes in that they are larger units, provide a more traditional homeownership opportunity, and are built at a lower density than stacked apartments. The BIA stated that charging townhomes the multi-family unit fee would be punitive and undermine their role as important and attainable housing options for Oceanside families. Staff agree that townhome projects typically include a significant amount of open space amenities built within the project site, specifically for their residents such as greenbelts, community recreation centers, and tot-lots. Therefore, residents of such communities tend to be less reliant on the City's park system to meet individual recreational needs. In this context, it's worth noting that the California Residential Code defines a townhouse as a single-family dwelling unit even if it is part of a development that has multiple (3 or more) units. As understood by staff, the BIA's request would only apply to townhome developments and not to other types of higher density condominium developments such as stacked flats or apartment-type developments mapped for condominium purposes. The proposed Parks Impact Fee Resolution responds to the BIA's concerns and ties the single family unit and multifamily unit rates to the base densities of specific residential uses described in the City's Zoning Code.

In compliance with AB 602, the City developed a Capital Improvement Program (CIP) that includes projects contemplated over the next 15 years to meet the increased demand for parks facilities created by new residential development (Appendix A of the Nexus Study). Staff received comments on the items included in Appendix A and now proposes an amended Capital Improvement Program for Council's consideration that more accurately reflects the parks facilities projects attributable to the increased demand for parks facilities related to new development projects. The amended Capital Improvement Program is attached as Proposed Appendix A1. The cumulative cost of the projects on the CIP list is \$219,050,878, of which \$207,505,750 is unfunded. Based on the growth projected by the San Diego Association of Governments, the City of Oceanside would collect \$47,113,138 from Parks Impact Fees through 2035, which is 21.5% of the total CIP cost. The Parks Impact Fee would help fund some parks and recreation facility expansion and improvements; however, the City will need to identify additional funding sources to address all park-related CIP projects.

The proposed ordinance amending City Code Chapter 32D, Parks Impact Fee, replaces the previously adopted park land acquisition and development fee and establishes a Parks Impact Fee that will apply to all residential development, which is established by resolution of the City Council. If City Council approves the updated Parks Impact Fee resolution, it would take effect 60 days after the resolution is passed. Subject to certain exceptions, the fee would be calculated at the time building permits are submitted, and paid on the date of final inspection or at the time that the certificate of occupancy is issued, whichever occurs first.

The proposed ordinance amending City Code Chapter 32B, Impact Fees, revises the reference to parks impact fees to reflect the new ordinance replacing Chapter 32D; clarifies how impact fees are established and adjusted, collected, and spent; and updates the permissible scope of impact fee audit requests to align with state law.

FISCAL IMPACT

Based on the growth projected by the San Diego Association of Governments, the City of Oceanside would collect \$47,113,138 from Parks Impact Fees through 2035.

	Current Fee	Proposed Fee	Revenue Through 2035
Single-Family Unit	\$4,431	\$6.03 Per Sq. Ft.	\$47 million
Multi-Family Unit		\$9.24 Per Sq. Ft.	

COMMISSION OR COMMITTEE REPORT

On September 9, 2025 the Parks and Recreation Commission voted 9 - 0 to recommend that City Council adopt the updates to the Parks Impact Fee. The Commission recommended against phasing the fee increases, and recommended that the maximum fee take effect immediately.

CITY ATTORNEY’S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, the Council shall approve, modify, or disapprove the Parks Impact Fee increases. The referenced documents have been reviewed by the City Attorney and approved as to form.

Prepared by: Manuel Gonzalez, Parks and Recreation Director
Reviewed by: Rob O'Brien, Deputy City Manager
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Nexus Study

3. Resolution
4. Ordinance Amending Chapter 32B
5. Amended Chapter 32B in Redline Strikeout Format
6. Amended Chapter 32B
7. Ordinance Repealing and Replacing Chapter 32D
8. New Chapter 32D
9. Amended Appendix A1 to Nexus Study