



Traffic Reduction and Transportation Improvement Fee Update

City Council

July 14, 2025





MSC Approval

- July 8, 2025 MSC Meeting
 - > Staff presented recommendations to update the Traffic Reduction and Transportation Improvement Fee (TR/TIF)
- MSC approved the staff recommendations with an amendment
- Amendment:
 - > No TIF be assessed for Accessible Dwelling Units (ADUs); or
 - > Staff provide recommendations to City Council for an alternate approach



Analysis – TIF for ADUs

- ADUs generate trips similar to other residential uses
- Senate Bill 13
 - > ADUs < 750 SF: no impact fees
 - > ADUs \geq 750 SF: fees proportional to size of main dwelling
- Certain ADUs exempted from Residential Impact Fees (RIF) (May 2025)
 - > 900 square feet or less
 - > ADUs with Housing Agreement
- ADUs in Pasadena
 - > Average size is 600 SF
 - > 22% are 750 SF or greater
 - > 10% are greater than 900 SF



Recommendations

- Revised Recommendations:
 - > Expand the TIF exemption threshold for ADUs ≤ 900 SF
 - > Waive the TIF for ADUs with Housing Agreement
- Two Options for City Council to Consider
 - > **Option 1:** Taper TIF for ADUs based on a tiered fee approach
 - < 900 SF: **no** impact fees
 - $900 - 1,200$ SF: **50%** of fee proportional to size of main dwelling
 - $> 1,200$ SF: **100%** of fee proportional to size of main dwelling
 - > **Option 2:** Waive TIF for all ADUs, regardless of size



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Recommendations

It is recommended that the City Council:

1. Find that the actions proposed herein are not a “project” subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b) and statutorily exempt from CEQA pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges).



Recommendations

2. Amend PMC Section 4.19.040 (A)- Fees of Chapter 4.19 – Traffic Reduction and Transportation Improvement Fee (TR/TIF) to set the Fee at:
 - a. \$5,202 to \$5,722 per dwelling use of net new single-family residential,
 - i. No fee for ADU 900 SF or less, ADUs over 900 SF assessed a fee proportional to size of main dwelling,
 - b. \$2,158 to \$2,352 per dwelling use of net new multi-family residential,
 - i. No fee for ADU 900 SF or less, ADUs over 900 SF assessed a fee proportional to size of main dwelling,
 - c. \$1.15 per square foot of net new light industrial use,
 - d. \$11.89 per square foot of net new retail use,
 - e. \$7.57 per square foot of net new office use,



Recommendations cont.

3. Amend PMC Section 4.19.040 (A)- Fees of Chapter 4.19 to include the following land use categories to the TR/TIF fee:
 - a. \$20.66 per square foot of net new medical office use,
 - b. \$1.62 per square foot of net new hospital use,
 - c. \$1,437 per room of net new lodging use,
 - d. \$5.15 per square foot of net new research and development use,
4. Amend PMC Section 4.19.050 to include a TIF waiver for ADUs governed by a Housing Agreement
5. Amend PMC Section 4.19.060 to enumerate the list of transportation improvements funded through the fee as set forth in Attachment “A” hereto.
6. Direct the City Attorney to prepare an ordinance within 60 days amending PMC Sections 4.19 as set forth above.



Commission Recommendation

Transportation Advisory Commission (TAC)

- TAC recommendation: *Support the fees as recommended, and urge the Council to consider if the reallocation of the fee categories may provide better outcomes for future development.*



What is Traffic Reduction and Transportation Improvement (TR/TIF)?

A Traffic Reduction and Transportation Improvement Fee is used to pay for specific transportation projects needed to accommodate the demands on the City's transportation system created by new development. The TR/TIF anticipates and mitigates the impacts of growth on City streets, including protecting neighborhoods from increased traffic.

Other names: mobility fees, transportation impact fees; mitigation fees; etc.



How Does the TR/TIF Work?

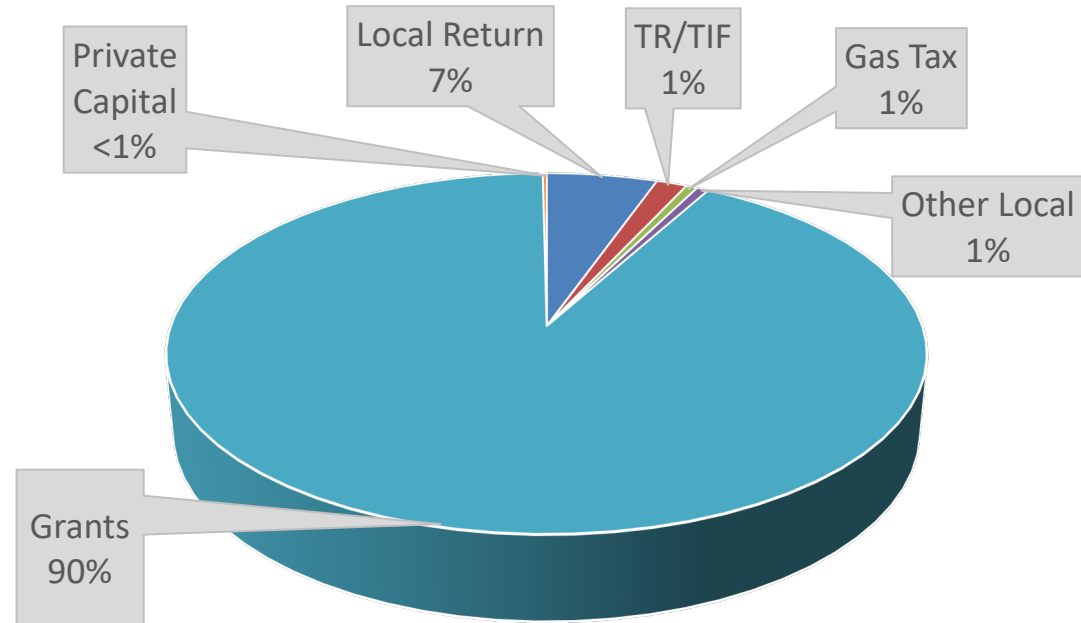
DOT administers the fee program and builds projects as fees are collected.

- Developers pay a one-time fee prior to receiving a Certificate of Occupancy
- Impact fees only apply to new development
- Fees are based on net new square footage/units (existing use credit applied)
- Developers are still required to conduct transportation studies and construct improvements if localized impacts are found



How Much Does TR/TIF Fund?

- FY 25 CIP Transportation Project Funding
 - > TIF funds 1%
 - > Grants fund 90%
- TIFs funds fluctuate because they're dependent on development occurring





Why Update the Fee Now?

- Mitigation Fee Act requires regular updating of the fee (now every 8 years under AB 602)
- New State requirements for impact fee programs to be incorporated in the update
 - > AB 602: Fees for residential uses must be based on the size of the unit
 - > SB 13: Fees can only be assessed on ADUs ≥ 750 SF; fees must be proportional in relation to the primary residence
- US Supreme Court Case Decision Brings Additional Scrutiny to Impact Fees
 - > Sheetz v. County of El Dorado (2024)



Existing TR/TIF Overview

Established Original Fee

Adopted Ordinance No. 7309: Existing TR/TIF

TR/TIF Update

Nov 2006

Jul 2017

2024

Current TR/TIF	FY 2025 Rate
New Industrial use per square foot	\$ 1.38
New Office use per square foot	\$ 10.14
New Retail use per square foot	\$ 13.48
Single family (per dwelling unit)	\$ 11,141.89
Multi-family (per dwelling unit)	\$ 4,314.10

Source: City of Pasadena Fiscal Year 2025 Revised Schedule of Taxes, Fees, and Charges
<https://www.cityofpasadena.net/finance/wp-content/uploads/sites/27/FY-2025-Schedule-of-Taxes.-Fees-and-Charges-Revised-.pdf?v=1740609435142>



Nexus Analysis – Fair Share

Land Use Growth Forecasts

Traffic Demand Forecasting Model

Baseline 2024

Future Year 2035

Growth in PM Trips

New vehicle trips estimated during PM peak hour

Increase in Travel Demand

New PM peak hour trips assigned to project list based on location and expected travel patterns

Fair Share Calculation

Percentage of new PM peak hour trips in relation to baseline traffic volumes



Fair Share Calculation

The latest **City of Pasadena TDF Model** was used for nexus analysis, which forecasts the **City's adopted 2015 General Plan** build-out conditions in Future Year 2035.

PM Peak Hour Traffic Volume Forecast Growth

Scenarios	Total Traffic Volumes Generated by Anticipated Growth along/on Project Locations (PM Peak Hour Trips)
[A] 2024 Baseline	65,523
[B] 2035 Future Year	73,424
[C] Volume Change	7,901
[D] New Development % Fair Share (D = C/A)	12.10%



Fee per Average PM Peak Hour Trip

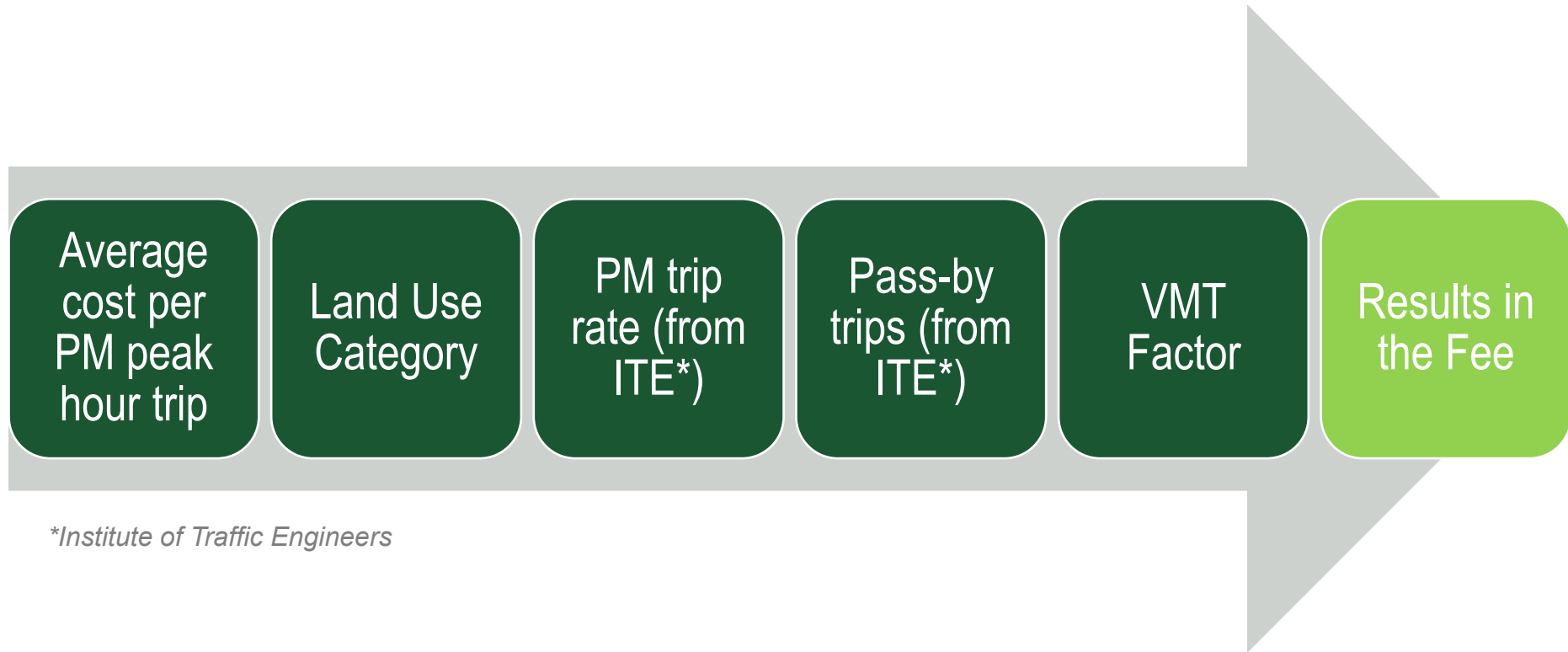
Table 2: Mobility Impact Fees per Average PM Peak Hour Trip

Measure	Pasadena
[E] Total Project Cost (Include 5% Admin Fee)	\$ 361,377,277
[F] 12.1% of Total Cost ($F = E * 12.1\%$)	\$ 43,726,651
[G] PM Traffic Volume Growth (Vehicle Trips)	7,901
[H] Average Cost per PM Peak Hour Trip ($H = F/G$)	\$ 5,534

Apply this to PM peak hour trips generated by different land uses



Nexus Analysis - Fee



**Institute of Traffic Engineers*



TR/TIF Project List

- Essential to Pasadena's long-term transportation planning goals
- Must be identified in existing plan:
 - > Capital Improvement Program (FY 2026)
 - > Local Roadway Safety Plan
 - > Pedestrian Transportation Action Plan
- Capital projects to accommodate growth, NOT maintenance/operational projects to address existing deficiencies
- Can only account for unfunded amount of project cost
 - > Since impact fees only cover a portion of project costs, Pasadena DOT secures additional funding



Proposed Changes with New TR/TIF

1. Updated Land Use Categories:

- Lodging (previously under Multifamily Residential)
- Medical Office (previously under Office)
- Hospital (previously under Office)
- Research and Development (previously under Office)

2. Tiers of Residential Uses per AB 602:

- Single Family Units
 - < 2,000 SF
 - 2,000 – 2,999 SF
 - 3,000 – 3,999 SF
 - ≥ 4,000 SF
- Multi-Family Units
 - ≤ 800 SF
 - 801 – 1,600 SF
 - ≥ 1,601 SF
- ADU [**>900 SF**]
- Data from the National Household Travel Survey and American Housing Survey were used to establish fee by size



Proposed TR/TIF

Land Use Category	Unit ¹	Fee per Unit ⁴
Residential		
Single Family	DU	\$5,202 per DU
	< 2,000 SF	\$4,474 per DU
	2,000 – 2,999 SF	\$5,202 per DU
	3,000 – 3,999 SF	\$5,358 per DU
	≥ 4,000 SF	\$5,722 per DU
Multi-Family	DU	\$2,158 per DU
	≤ 800 SF	\$1,705 per DU
	801 – 1,600 SF	\$2,158 per DU
	≥ 1,601 SF	\$2,352 per DU
ADU [>900 SF]	DU	Proportional to single family unit

Notes:

1) Units = Dwelling Units (DU), Hotel (Rooms), School (Students) and Square Feet (KSF).

2) Trip Generation, 11th Edition, Institute of Transportation Engineers. Setting/Location: General Urban/Suburban; Not Close to Rail Transit. PM peak hour trip rate per DU, Room, Student, or KSF.

3) Pass-by Trips are accounted for retail uses.

4) Impact Fee = [PM Trip Rate] x [EDU/% New Trips] x [VMT Factor] x [Average Cost per PM Trip]

Land Use Category	Unit ¹	Fee per Unit ⁴
Non-Residential		
Lodging	Room	\$1,437 per Room
Retail/Service	SF	\$11.89 per SF
Office	SF	\$7.57 per SF
Medical Office	SF	\$20.66 per SF
Hospital	SF	\$1.62 per SF
Research and Development	SF	\$5.15 per SF
Light Industrial	SF	\$1.15 per SF

**New land use categories*

PASADENA



Compared to Current TR/TIF

Existing TR/TIF Category	Current FY 2025 Rate	Proposed TR/TIF Rate
Single family (per dwelling unit)	\$ 11,141.89	\$ 5,202 - \$5,722
Multi-family (per dwelling unit)	\$ 4,314.10	\$ 2,158 - \$2,217
Industrial use per square foot	\$ 1.38	\$ 1.15
Office use per square foot	\$ 10.14	\$ 7.57
Retail use per square foot	\$ 13.48	\$ 11.89
*Lodging use (per room)	\$4,314.10 (treated as MF residential)	\$ 1,437 per room
*Medical Office use per square foot	\$10.14 (treated as office)	\$ 20.66
*Hospital use per square foot	\$10.14 (treated as office)	\$1.62
*R&D use per square foot	\$10.14 (treated as office)	\$5.15

**Recategorized land use*



Fee and Methodology Comparison

Impact fee programs from the following cities were compared to Pasadena's current TR/TIF program:

- Burbank
- Santa Monica
- West Los Angeles
- Culver City
- Orange
- Anaheim
- Fremont
- Palo Alto

Purpose for comparison analysis:

- Is Pasadena relatively comparable to other cities?
- Is there a need to add categories to improve the applicability and administration of the fee
- How do they apply fees for specific types of land uses (for example, lodging: per bed, or square footage)?



Targeted Stakeholder Outreach

- Met with key stakeholders and TAC to present methodology and proposed fee structure.
- They reviewed and provided comments to the Municipal Services Committee and City Council
- The fee cannot be changed arbitrarily; it needs to be defensible.



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ADU Sample TIF Calculations

If the main dwelling is 1,600 square feet for a Single Family Unit

ADU Size (SF)	Housing Agreement	Market Rate Unit (without Housing Agreement)		
	Staff Recommendation	Staff Recommendation	Option 1 (50% taper)	Option 2 (No Fee)
900	\$0	\$0	\$0	\$0
1150	\$0	\$3216	\$1608	\$0
1250	\$0	\$3495	\$3495	\$0



Example TIF Calculations

100,000 SF New Research & Development Building

- Current Fee: based on Office use
 $\$10.14/\text{SF} \times 100,000 \text{ SF} = \mathbf{\$1,014,000}$
- Proposed Fee: based on R&D use
 $\$5.15/\text{SF} \times 100,000 \text{ SF} = \mathbf{\$515,000}$

100,000 SF New Medical Office Building

- Current Fee: based on Office use
 $\$10.14/\text{SF} \times 100,000 \text{ SF} = \mathbf{\$1,014,000}$
- Proposed Fee: based on Medical Office use
 $\$20.66/\text{SF} \times 100,000 \text{ SF} = \mathbf{\$2,066,000}$

20-unit Apartment Building (each unit under 800 SF)

- Current Fee: based on Multifamily Residential use
 $\$4,314/\text{unit} \times 20 \text{ units} = \mathbf{\$86,280}$
- Proposed Fee: based on MF Res use and unit size
 $\$2,158/\text{unit} \times 20 \text{ units} = \mathbf{\$43,160}$