

**Pima County, Arizona
Impact Fee Update**

Land Use Assumptions

Final Public Report

Prepared by

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1. INTRODUCTION

The Roadway Development Impact Fee in unincorporated Pima County is assessed for new developments to offset some of the infrastructure costs associated with growth. The County currently charges fees for one public category: roadways. To continue assessing and collecting fees, the County must update its program to comply with the new state statute ARS §11-1102. The update of the Roadway Development Impact Fee program includes preparation of new development impact fee studies, project lists, fee schedules, and county ordinance.

The statute ARS §11-1102 limits the types of “necessary public services” which impact fees can fund. Before assessing the development fees, a County must release to the public a written report of the land use assumptions and an infrastructure improvements plan (IIP) for each fee category. As defined in ARS §11-1102 (V)(6), “‘Land use assumptions’ means projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the general plan of the county.”

This report is a required document that identifies the land use assumptions to be applied in the IIP for roads, and the subsequent calculation of development impact fee rates. These land use assumptions are used to estimate the amount of new development within the service areas from which development impact fees will be assessed. The land use assumptions generally reflect the regional plans, such as the Transportation Improvement Program (TIP) and the Regional Mobility and Accessibility Plan (RMAP), and the region’s suballocation of population forecast to the County.

1.1. ALLOCATION OF GROWTH WITHIN SERVICE AREAS

As defined in ARS §11-1102 (V)(9), “‘Service area’ means any specified area within the boundaries of a county in which development will be served by necessary public services or facility expansions and within which a substantial nexus exists between the necessary public services or facility expansions and the development being served as prescribed in the infrastructure improvements plan.”

Under the current impact fee program, there are ten service areas in unincorporated Pima County: Altar Valley, Avra Valley, Catalina Foothills, Cañada del Oro, San Xavier, Santa Cruz, Silverbell-Tortolita, Southeast, Southwest, and Tucson Mountains.

The County reviewed the existing service areas and modified the boundaries to better align development patterns and projects and to ensure a substantial nexus as required by the statute. By statute, “development fees should result in a beneficial use to the development” paying the fee. The new program generally excludes federal lands, tribal lands, and other conservation areas that are not expected to be developed. As a guideline, major roadways and topographic features such as railroads and Central Arizona Project (CAP) canals were considered when delineating service areas. A map of the seven proposed service areas in unincorporated Pima County is shown in Exhibit 1.

2. EXISTING SOCIOECONOMIC CONDITIONS

2.1. POPULATION AND HOUSING

Although Pima County is the second most populous county in Arizona, its population has been growing slower than the state population in the recent years. Based on the US Census Bureau population estimates, population in the County experienced 4.2% growth from 2013-2018 (0.82% per year), compared to 8.1% for the state overall (1.57% per year). General population and housing data from the *2013-2017 American Community Survey (ACS)*¹ from the US Census Bureau are shown in Exhibit 2.

Exhibit 2. Population and Housing Units Census Data

	Pima County	Arizona
Population , 2018 estimate (US Census Estimate)	1,027,502	7,171,646
Population, 2013 estimate (US Census Estimate)	997,437	6,634,999
Population, annual percent change	+0.82%	+1.57%
Housing units , 2017 estimate (ACS)	453,948	2,941,894
Homeownership rate, 2017 (ACS)	61.9%	63.1%
Housing units in multi-unit structures, percent, 2017 (ACS)	21.8%	20.3%
Median value of owner-occupied housing units, 2017 (ACS)	\$166,300	\$193,200
Households, 2017 (ACS)	398,530	2,482,311
Persons per household, 2017 (ACS)	2.53	2.74

The Arizona Department of Economic Security has official population projections for the state, counties, incorporated places, and selected census designated areas. Exhibit 3 shows estimated population growth for each jurisdiction in Pima County from 2013 to 2018².

¹ 2013-2017 American Community Survey. US Census Bureau. <www.census.gov>

² 2016-2050 Projections. <https://population.az.gov/sites/default/files/documents/files/pop-prj-04019inc-16-50.xlsx>

Exhibit 3. 2013-2018 Population Growth Estimates for Pima County Jurisdictions

Jurisdiction	Annual Growth
Marana	3.7%
Oro Valley	1.8%
Sahuarita	2.3%
South Tucson	0.4%
Tucson	0.7%
Unincorporated Pima County	0.6%

2.2. EMPLOYMENT

The 2013-2017 American Community survey estimates that 4.9% of the population 16 years and over in labor force is unemployed in Pima County, compared to 4.2% in the state. The 2017 employment data in Exhibit 4 is provided by the US Census Bureau.

Exhibit 4. 2017 Employment Data

Employment Status, 2017 (ACS)	Pima County		Arizona	
	Estimate	Percent	Estimate	Percent
Population 16 years and over	814,161	-	5,371,341	-
In labor force	478,706	58.8%	3,197,116	59.5%
Civilian labor force	473,482	58.2%	3,179,802	59.2%
Employed	433,478	53.2%	2,953,891	55.0%
Unemployed	40,004	4.9%	225,911	4.2%
Armed Forces	5,224	0.6%	17,314	0.3%
Not in labor force	335,455	41.2%	2,174,225	40.5%
Civilian labor force	473,482	-	3,179,802	-
% Civilian Labor Force Unemployed	-	8.4%	-	7.1%

3. LAND USE ASSUMPTIONS

The land use assumptions for a 10-year horizon are based on the estimated growth in population and employment in unincorporated Pima County. Growth for both residential and non-residential (commercial) areas was estimated for each service area to determine the percentage of overall County growth which is eligible for inclusion in the IIP. The 10-year planning period will be from 2019 to 2029. The following sections discuss the information and methodology used to develop the land use assumptions. The PAG (Pima Association of Governments) *Transportation Improvement Program (TIP)* and *Regional Mobility and Accessibility Plan (RMAP)*, historic permit information, and other sources were used to inform the development of the growth assumptions

3.1. RESIDENTIAL GROWTH PROJECTIONS

3.1.1. PAG Transportation Improvement Program (TIP)

Trends from the Pima Association of Governments (PAG) were evaluated to assist the development of land use assumptions for unincorporated Pima County. PAG maintains a model of existing conditions as well as a model representing the regional transportation network incorporating the planned 5-year *Transportation Improvement Program*³ (TIP) projects. This document references the 2017 to 2022 TIP.

PAG provided population estimates for each Transportation Analysis Zone (TAZ) in the region. An average household size of 2.46 people per household was assumed to convert population into number of households. Exhibit 5 shows the 2017-2022 TIP estimated 5-year household growth for each of the proposed service areas.

³ *Transportation Improvement Program (TIP)*. Pima Association of Governments.

<<https://www.pagnet.org/Programs/TransportationPlanning/PlansandPrograms/TransportationImprovementProgram/tabid/172/Default.aspx>>

Exhibit 5. TIP (2017-2022) Estimated Household Growth

Service Area	New HH*	% New HH
Central	2,267	20%
North	1,776	16%
Northeast	485	4%
Northwest	524	5%
South	579	5%
Southeast	2,514	23%
West	2,943	27%
TOTAL	11,086	100%

*TIP Households includes TAZs that are partially in the County even if most households are in City or other municipality

3.1.2. Permits

The historic number of permits from January 2015 to May 2018 was used to guide the estimation of housing growth in the region. Exhibit 6 shows the residential permits in each of the proposed service areas.

Exhibit 6. 2015-2018 Residential Permits in Unincorporated Pima County

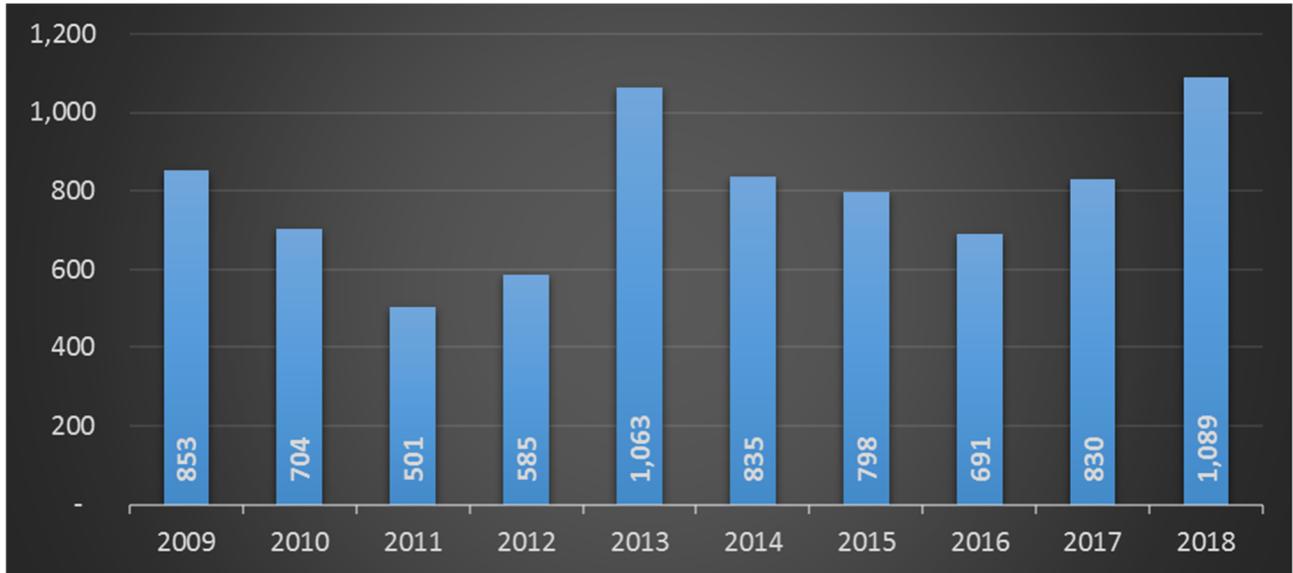
Service Area	Permits	% Permits
Central	10	0.4%
North	407	15%
Northeast	407	15%
Northwest	64	2%
South	210	8%
Southeast	862	32%
West	714	27%
TOTAL	2,674	100%

3.1.3. 10-Year Land Use Assumptions: Residential

There were 2,674 total residential permits issued in unincorporated Pima County from January 2015 to May 2018, which means approximately 783 permits were issued each year. However, as shown in exhibit 7, the number of permits has been slowly increasing to a little over 1,000 permits in 2018 (annualized based in January-May data).

Therefore, it is assumed that the long term trend is for permits to stabilize at approximately 1,000 permits per year, which means that it is estimated that approximately 10,000 new permits will be issued in a 10-year period in the County.

Exhibit 7. 2009-2018 Residential Permits per Year in Unincorporated Pima County



*2018 permits based on annualized January to May data

The proportion of new permits in each service area was estimated based on historic permits, the estimated growth from the 2017-2022 TIP, and knowledge of planned and expected developments. The proposed residential growth for each service area as estimated based on the available data and knowledge of regional trends and expected development is shown in Exhibit 8, along with the historic permit and PAG TIP data for reference.

Exhibit 8. Population and Housing Land Use Assumptions: 10-Year Growth

Service Area	HISTORIC PERMITS 01/15-05/18		PAG TIP 2017-22*		PROPOSED 10-YR GROWTH	
	Permits	% Permits	New HH	% New HH	Permits	% Permits
Central	10	0.4%	2,267	20%	900	9%
North	407	15%	1,776	16%	1,700	17%
Northeast	407	15%	485	4%	900	9%
Northwest	64	2%	524	5%	400	4%
South	210	8%	579	5%	600	6%
Southeast	862	32%	2,514	23%	2,900	29%
West	714	27%	2,943	27%	2,600	26%
TOTAL	2,674	100%	11,086	100%	10,000	100%

*TIP Households includes TAZs that are partially in the County even if most households are in City or other municipality

3.2. EMPLOYMENT GROWTH PROJECTIONS

3.2.1. PAG Transportation Improvement Program (TIP)

Employment projections are also important to estimate the amount of new infrastructure needed to serve planned new development at each service area. The PAG TIP data includes five-year (2017-2022) estimates of the number of employees for each Transportation Analysis Zone (TAZ) in the region. Exhibit 9 shows the TIP estimated employment growth for the proposed service areas.

Exhibit 9. TIP (2017-2022) Estimated Employment Growth

Service Area	New Jobs*	% New Jobs
Central	3,534	26%
North	4,294	32%
Northeast	1,245	9%
Northwest	512	4%
South	715	5%
Southeast	853	6%
West	2,465	18%
TOTAL	13,618	100%

*TIP Employment includes TAZs that are partially in the County even if most households are in City or other municipality

3.2.2. PAG Regional Mobility and Accessibility Plan (RMAP)

The Pima Association of Governments (PAG) updates its long-range *Regional Mobility and Accessibility Plan*⁴ (RMAP) every four years. The current RMAP was formally adopted by PAG's Regional Council on May 26, 2016 and identifies projects, goals, and performance measures for the transportation system of the Tucson metropolitan area over the next 30 years (2045). The RMAP includes information on existing (2018) number of jobs in unincorporated Pima County by sector, as shown in Exhibit 10.

Exhibit 10. Existing Jobs in Unincorporated Pima County (March 2018)

Sector	Industrial	Retail	Office	Total
Existing	19,771	9,774	53,328	82,873
% Existing Jobs	24%	12%	64%	100%

The RMAP data was evaluated to help guide the projected distribution of employment in the various sectors (industrial, retail, office).

⁴ *Regional Mobility and Accessibility Plan (RMAP)*. Pima Association of Governments. <<https://www.pagregion.com/documents/rmap/rmap2045/2045RMAP.pdf>>

3.2.3. 10-Year Land Use Assumptions: Employment

Based on the 2017 third quarter forecast by the University of Arizona Economic and Business Research Center⁵ (EBRC), a 0.95% annual growth in jobs was estimated in unincorporated Pima County. The proposed employment growth is also consistent with the most recent EBRC forecast (May 2019) for the County as a whole of 0.9% per year from 2017-2022. Currently there are 82,873 existing jobs in unincorporated Pima County; therefore approximately 8,245 new jobs are expected in a 10-year period.

Three non-residential employment sectors are considered in this report: retail, office and industrial. Based on the 2017-2022 TIP employment growth, the existing distribution of jobs by sector, and discussions with the County concerning planned and expected development, the projected number of jobs for the region is shown in Exhibit 11. The TIP job projections are included in the exhibit for reference.

Exhibit 11. Employment Land Use Assumptions: 10-Year Growth

Service Area	PAG TIP 2017-22*		PROPOSED 10-YR GROWTH		% Jobs by Land Use			Jobs by Land Use		
	New Jobs	% Jobs	Jobs	% Jobs	Ind	Retail	Office	Ind	Retail	Office
Central	3,534	26%	1,731	21%	63%	3%	34%	1,091	52	589
North	4,294	32%	1,731	21%	25%	15%	60%	433	260	1,039
Northeast	1,245	9%	907	11%	5%	13%	82%	45	118	744
Northwest	512	4%	247	3%	60%	3%	37%	148	7	92
South	715	5%	412	5%	30%	10%	60%	124	41	247
Southeast	853	6%	1,484	18%	30%	25%	45%	445	371	668
West	2,465	18%	1,731	21%	15%	14%	71%	260	242	1,229
TOTAL	13,618	100%	8,245	100%				2,546	1,092	4,607

*TIP Employment includes TAZs that are partially in the County even if most households are in City or other municipality

⁵University of Arizona Economic and Business Research Center <<https://ebr.eller.arizona.edu/>>

4. SUMMARY

This report provides 10-year growth projections for unincorporated Pima County for the purposes of the roadway impact fee study update. The estimated population and employment growth data for 2029 conditions is provided in Exhibit 12.

Exhibit 12. Residential and Employment Land Use Assumptions: 10-Year Growth

Service Area	Permits	Jobs by Land Use		
		Ind	Retail	Office
Central	900	1,091	52	589
North	1,700	433	260	1,039
Northeast	900	45	118	744
Northwest	400	148	7	92
South	600	124	41	247
Southeast	2,900	445	371	668
West	2,600	260	242	1,229
TOTAL	10,000	2,546	1,092	4,607

These assumed land assumptions will be used in the infrastructure improvements plan (IIP) to estimate the amount of new facilities needed to serve the projected new development. ARS §9-463.05 (D)(3) requires the land use assumptions to be updated at least every five years.

APPENDIX

- **List of Preparers**
- **January 2015 – May 2018 Permits**
- **2017-2022 TIP Population Growth Map by TAZ**
- **2017-2022 TIP Employment Growth by TAZ**

List of Preparers

Staff Participants

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Kathryn Skinner, P.E., Transportation Deputy Director

Yves Khawam, PhD, Assistant County Administrator for Public Works

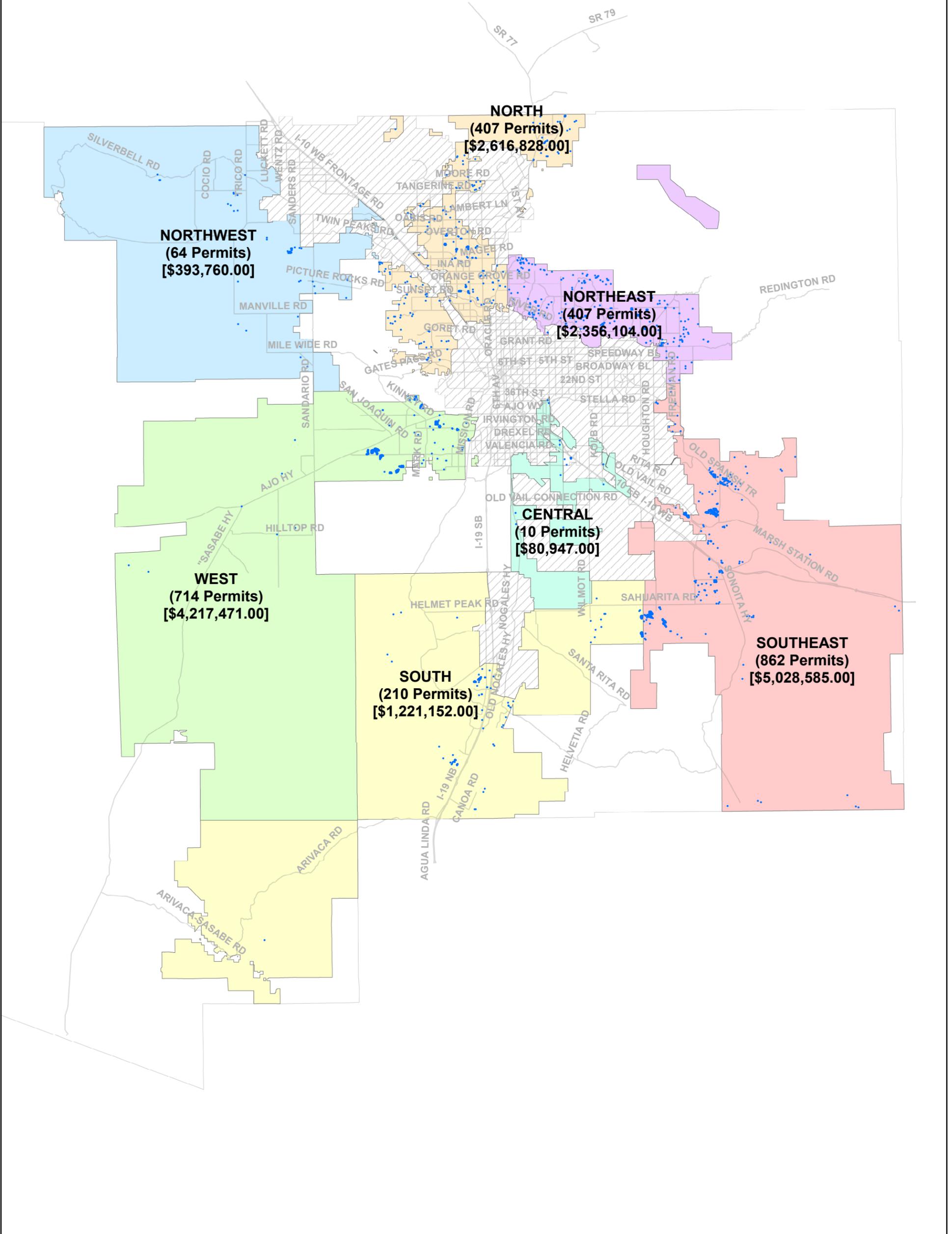
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NORTH
(407 Permits)
[\$2,616,828.00]

NORTHWEST
(64 Permits)
[\$393,760.00]

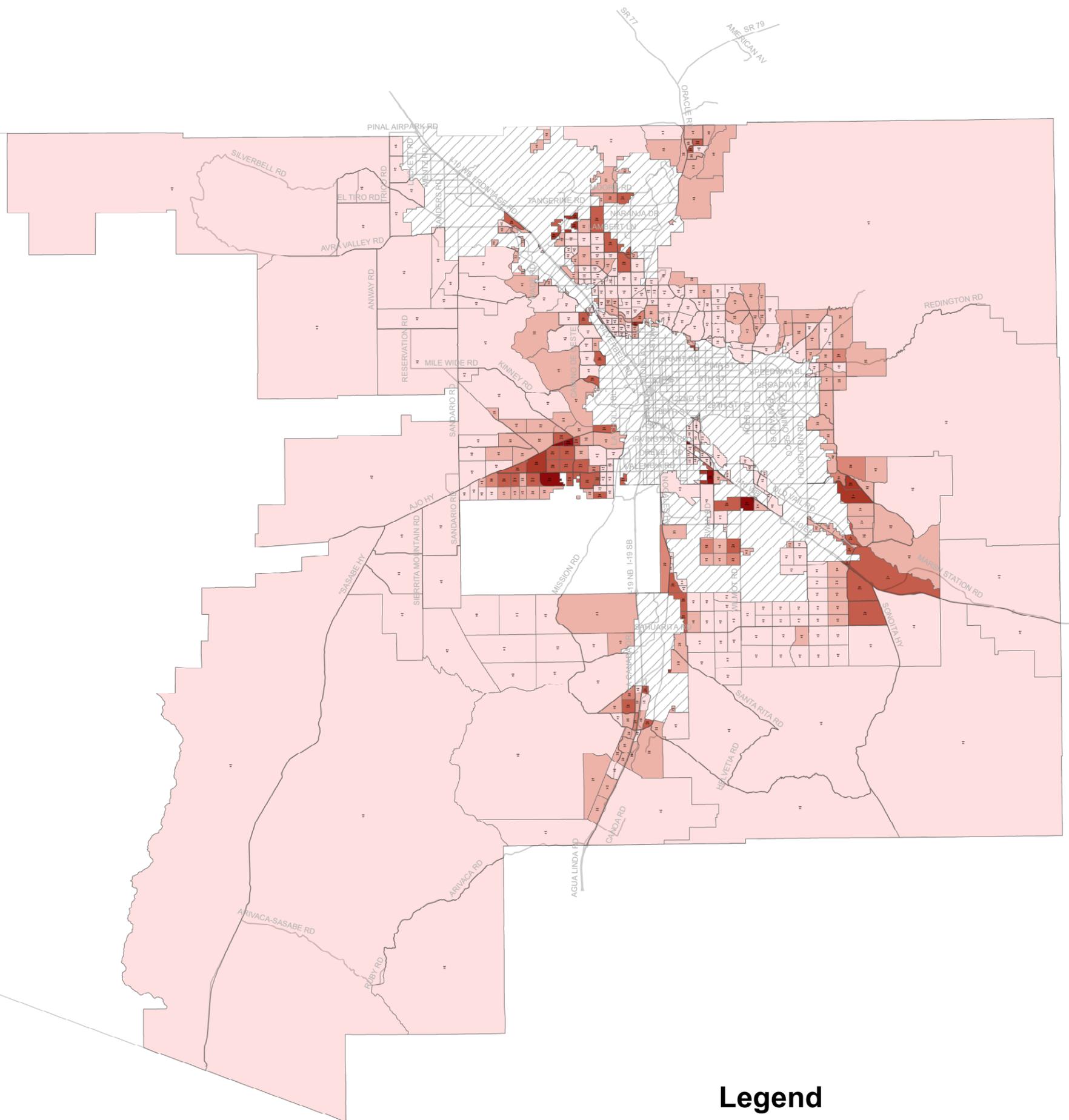
NORTHEAST
(407 Permits)
[\$2,356,104.00]

CENTRAL
(10 Permits)
[\$80,947.00]

WEST
(714 Permits)
[\$4,217,471.00]

SOUTH
(210 Permits)
[\$1,221,152.00]

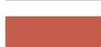
SOUTHEAST
(862 Permits)
[\$5,028,585.00]



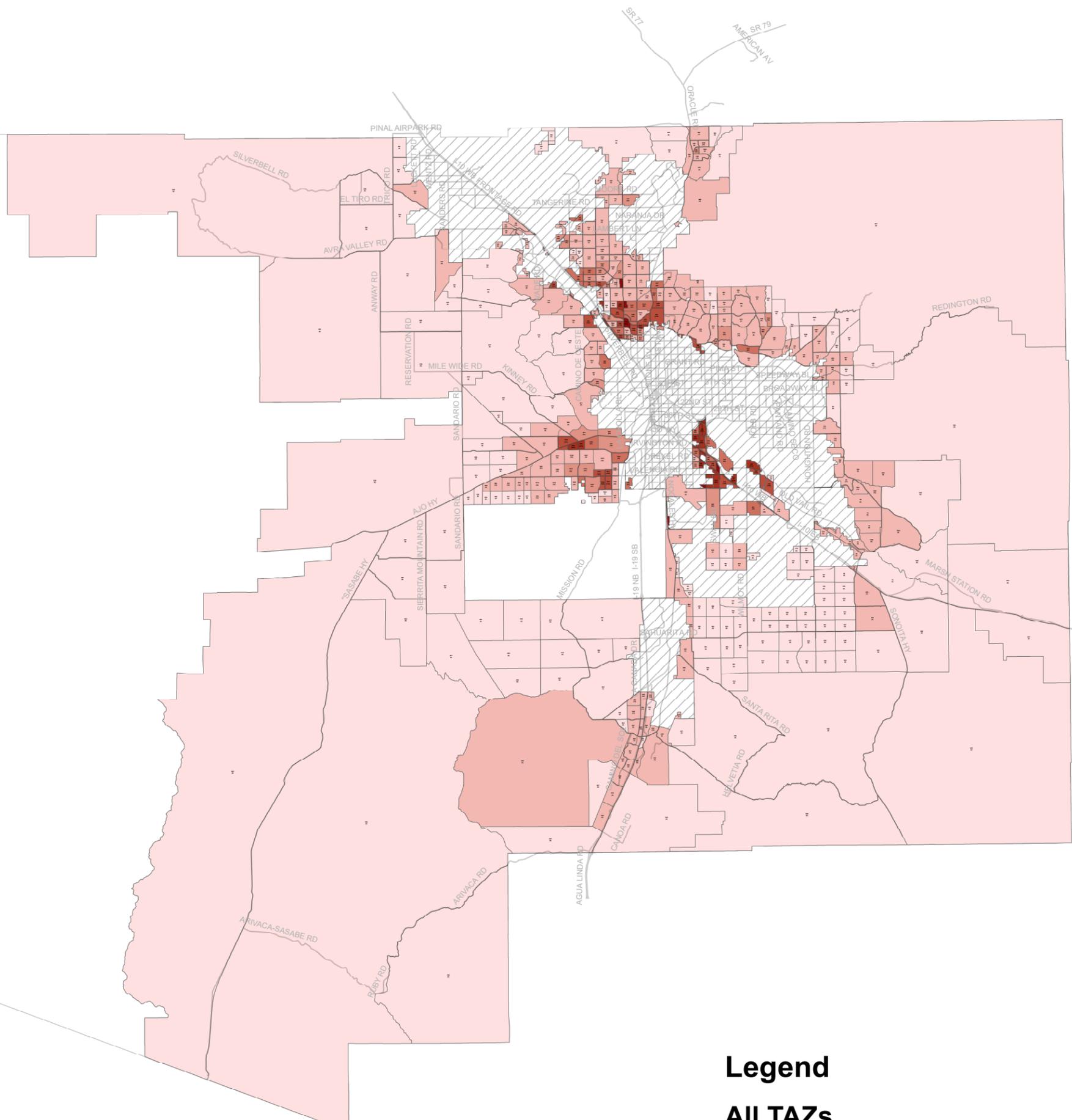
Legend

All TAZs

Population: 5-Year Growth/sqmi

-  <= 1
-  2 - 50
-  51 - 100
-  101 - 300
-  301 - 500
-  > 500

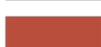
*Zoom in for TAZ Information:
XX - TAZ
(XX) - Population growth/sqmi



Legend

All TAZs

Employment: 5-Year Growth/sqmi

-  <= 1
-  2 - 25
-  26 - 50
-  51 - 100
-  101 - 200
-  201 - 500
-  > 500

*Zoom in for TAZ Information:
XX - TAZ
(XX) - Employment growth/sqmi