



NEWHALL SCHOOL DISTRICT  
**SCHOOL FEE JUSTIFICATION STUDY**

June 10, 2022

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PUBLIC FINANCE

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## **EXECUTIVE SUMMARY**

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Education Code Section 17620 authorizes the governing board of a school district to levy school fees to offset the impacts to school facilities from new residential and commercial/industrial construction and reconstruction. In order to levy Level I fees (statutory fees), a school district must prepare and adopt a school fee justification study pursuant to the provisions of Education Code Section 17620 and Sections 65995 and 66001 of the Government Code. The school fee justification study serves as the basis for justifying the levy of Level I fees and presents and documents the nexus findings required by State law.

This School Fee Justification Study (“Study”) has been prepared for the Newhall School District (“School District”) to demonstrate the relationship between new residential and commercial/industrial development and the School District’s need for the construction of school facilities, the cost of the school facilities, and the per square foot amount of Level I fees (“School Fees”) that may be levied by the School District on residential and commercial/industrial development in accordance with applicable law.

The maximum School Fees authorized by Education Code Section 17620 are currently \$4.79 per square foot for residential construction/reconstruction and \$0.78 per square foot for commercial/industrial construction for unified school districts. The State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years.

The School District provides education for grades Transitional Kindergarten (TK) through grade 6. Pursuant to Education Code Section 17623(a), the School District, as a non-unified school district sharing common jurisdiction with other non-unified school district(s), entered into a school facilities fee allocation agreement with the William S. Hart Union High School District. The agreement specifies the percentage of the maximum School Fees that may be levied and collected by each school district. According to the agreement, forty five percent (45%) of the maximum School Fees may be charged and collected by the School District, or \$2.16 and \$0.35 for residential and commercial/industrial development, respectively (“Applicable School Fees”). Based on the findings presented in this Study, the School District is justified in collecting its portion of the maximum residential and commercial/industrial School Fees. The findings are summarized as follows:

### **RESIDENTIAL DEVELOPMENT**

New residential development in the School District is projected over the next ten (10) years and beyond. Many developments have mitigated their school facilities impact by entering into mitigation agreements. Based on current student generation rates, developments which have not mitigated their impact (Unmitigated) could generate an estimated 1,153 new students over the next ten (10) years. The projected student enrollment supports construction of additional school facilities and/or expansion of existing school facilities. The school facilities cost impact per residential square foot as determined in this Study are shown in Table E-1.

The cost impacts per square foot of residential construction/reconstruction shown in Table E-1 are greater than the School District’s share of the current maximum authorized residential School Fee, which is \$2.16 per square foot; therefore, the School District is reasonably justified in levying Applicable School Fees on new residential development.

**Table E-1  
Residential School Facilities Cost Impacts/  
Applicable School Fee per Square Foot**

| DESCRIPTION              | IMPACT PER SQUARE FOOT | APPLICABLE RESIDENTIAL SCHOOL FEE PER SQUARE FOOT |
|--------------------------|------------------------|---|
| Residential Construction | \$6.72                 | <b>\$2.16</b>                                     |

**COMMERCIAL/INDUSTRIAL DEVELOPMENT**

As commercial/industrial properties develop new jobs are created. Many of the employees working at the new jobs will move into the School District boundaries, thereby increasing the need for new residential development and further impacting the School District’s facilities. School Fees may be imposed on commercial/industrial development if the school fees collected on residential development are insufficient to provide adequate school facilities for students generated as a result of new development and nexus findings are presented that justify the imposition of the commercial/industrial school fee.

Section 17621(e)(1)(B) of the Education Code requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. This code section further adds that employee generation estimates shall be based on the applicable employee generation estimates set forth in the January 1990 edition of “San Diego Traffic Generator Study” (“Traffic Study”), a report by San Diego Association of Governments (“SANDAG”). The school facilities cost impacts per commercial/industrial square foot as determined in this Study are shown in Table E-2 by commercial/industrial land use type. The cost impacts per square foot for each category of commercial/industrial development are equal to or exceed the maximum authorized School Fee of \$0.35 per square foot, except for Rental Self-Storage development. Therefore, the School District is justified in levying commercial/industrial School Fees on new commercial/industrial development in an amount up to but not exceeding the maximum authorized School Fee of \$0.35 per square foot (“Applicable Commercial/Industrial School Fees”). The Applicable Commercial/Industrial School Fees may be imposed on new commercial/industrial construction or reconstruction classified as Rental Self-Storage, up to the respective net cost impact per square foot determined herein.

**Table E-2  
Commercial/Industrial School Facilities Cost Impacts/  
Applicable School Fee per Square Foot**

| <b>COMMERCIAL/INDUSTRIAL CATEGORY</b>      | <b>IMPACT<br/>PER<br/>SQUARE<br/>FOOT</b> | <b>APPLICABLE<br/>SCHOOL FEE<br/>PER SQUARE<br/>FOOT</b> |
|--|---|--|
| Banks                                      | \$5.69                                    | <b>\$0.35</b>  |
| Community Shopping Center                  | \$3.09                                    | <b>\$0.35</b>  |
| Neighborhood Shopping Center               | \$5.64                                    | <b>\$0.35</b>  |
| Industrial Business Parks                  | \$7.08                                    | <b>\$0.35</b>  |
| Industrial Parks/Warehousing/Manufacturing | \$2.71                                    | <b>\$0.35</b>  |
| Rental Self-Storage                        | \$0.13                                    | <b>\$0.13</b>  |
| Research & Development                     | \$6.13                                    | <b>\$0.35</b>  |
| Hospitality (Lodging)                      | \$2.28                                    | <b>\$0.35</b>  |
| Commercial Offices (Standard)              | \$9.65                                    | <b>\$0.35</b>  |
| Commercial Offices (Large High Rise)       | \$9.16                                    | <b>\$0.35</b>  |
| Corporate Offices                          | \$5.41                                    | <b>\$0.35</b>  |
| Medical Offices                            | \$8.59                                    | <b>\$0.35</b>  |

## **SECTION I. LEGISLATION AND LEGAL REQUIREMENTS**

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This section discusses the legislative history of the Level I Fee.

### **A. LEGISLATIVE HISTORY**

Assembly Bill (“AB”) 2926 enacted by the State in 1986, also known as the “1986 School Facilities Legislation” granted school districts the right to levy fees in order to offset the impacts to school facilities from new residential and commercial development. Originally set forth in Sections 53080 and 65995 of the Government Code, AB 2926 authorized statutory school fees to be levied, commencing January 1, 1987, in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space. AB 2926 also provided for an annual increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the SAB. The provisions of AB 2926 have since been amended and expanded.

AB 1600 was enacted by the State legislature in 1987 and created Government Code Sections 66000 *et seq.* These sections require a public agency to satisfy the following requirements when establishing, increasing or imposing a fee as a condition of approval for a development project:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

AB 181, enacted in 1989, established new requirements for school districts levying school fees and also re-codified Government Code Section 53080 *et seq.* as Education Code Section 17620 *et seq.* The additional provisions established by AB 181 imposed more stringent nexus requirements which must be satisfied by school districts prior to levying school fees, especially with respect to commercial/industrial school fees. Additionally, AB 181 provided that the maximum school fees for residential and commercial/industrial development be subject to an increase every two (2) years rather than annually.

In 1998, Governor Wilson signed into law Senate Bill 50 (“SB 50”), the Leroy F. Greene School Facilities Act of 1998, which reformed State’s School Building Program and

developer school fee legislation. A significant provision of SB 50 provides school districts the option of adopting alternative school fees (also known as Level II and Level III fees) in excess of the Level I fee upon meeting certain requirements. SB 50 also placed a \$9.2 billion State Bond measure on the November 3, 1998 ballot (Proposition 1A). With the passage of Proposition 1A in November 1998, SB 50 became operative.

SB 50 also limited the power of cities and counties to require mitigation of school facilities impacts as a condition of approving new development and suspended the court cases known as Mira-Hart-Murrieta. The Mira-Hart-Murrieta cases previously permitted school districts to collect mitigation fees in excess of school fees under certain circumstances.

On November 5, 2002, California voters passed Proposition 47, which authorized the issuance of \$13.05 billion in State bonds and also enacted AB 16, which provided for additional reformation of the School Building Program. AB 16, among other items, clarified that if the SAB is no longer approving apportionments for new construction due to the lack of funds available for new school facilities construction, a school district may increase its Level II Fee to the Level III Fee. With the issuance of the State bonds authorized by the passage of Proposition 47, this section of AB 16 became inoperable.

Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. California voters approved Proposition 1D in the general election held on November 7, 2006. Proposition 1D authorized the issuance of \$10.4 billion in State bonds. Most recently, Proposition 51 was approved on November 8, 2016 which authorized the sale of \$9 billion in State bonds for K-14 school facilities.

California voters approved Proposition 51 (the California Public School Facility Bonds Initiative) in the general election held on November 8, 2016, authorizing the issuance of \$9 billion in bonds to fund the improvement and construction of school facilities for K-12 schools and community colleges.

Effective January 1, 2022, AB 602 amended certain standards and procedures relevant to “impact fee nexus studies” prepared by local agencies. Currently, fee justification studies are included within the requirements of AB 602. Government Code section 66016.5 was added to the code and requires, that “when applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.”

“Level of service” is not a commonly applied measure of the suitability or condition of school programs and buildings in California. The School District follows California state standards related to public education and is mandated to serve all children that live within their boundaries and choose to attend, regardless of age or circumstance. The School District is charged with ensuring that sound and safe facilities are ready and available to accommodate all children when needed and often without advance notice.

State-imposed minimum requirements for school facilities are contained in Title 5 of the California Code of Regulations. The information contained in this Study is based upon all of the foregoing concepts and standards, as further informed by local school board policy, preferences, and educational specifications for school design, which evolve over time. The

information contained in this Study is based on the School District’s assessment of existing facility capacity (i.e., its existing levels of service) and the degree to which new residential and commercial development increases need and demand for new, expanded or refurbished school facilities (i.e., new or improved levels of service) that meet state and local educational specifications. Thus, the analysis provided in this study addresses the “level of service” analysis required by AB 602.

## **SECTION II. PROJECTED UNHOUSED STUDENTS AND ESTIMATED FACILITY AND PER STUDENT COSTS**

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The objective of this Study is to determine if a nexus exists between future residential and commercial/industrial development and the need for school facilities. In addition, the Study aims to identify the costs of such required school facilities and determine the amount of School Fees that can be justifiably levied on residential and commercial/industrial development according to the estimated impacts caused by such development. This section evaluates whether existing school facilities can accommodate students generated from future residential development, projects student enrollment based on anticipated residential growth, and estimates the costs of school facilities required to accommodate new residential growth. The findings determined in this section are used in following sections to evaluate the cost impact per square foot for new residential and commercial/industrial property. Although many of the figures in this section are primarily derived from residential development projections and impacts, they are adjusted in Section IV. to evaluate the impact of commercial/industrial development.

### **A. SCHOOL DISTRICT CAPACITY AND STUDENT ENROLLMENT**

The School District’s existing school facilities capacity and student enrollment were evaluated in order to determine if there is available capacity to house students generated by new residential and commercial/industrial development.

The School District currently operates ten (10) elementary schools. These facilities have a design capacity to accommodate 8,475 elementary school students. This capacity was reported by a demographic consultant, Davis Demographics Planning Inc. (“DDP”), on behalf of the School District. Appendix “A” provides a calculation of the updated facility capacity. This capacity is higher than projected in the Facilities Master Plan 2020-2030 prepared by SIMPBK Architects (“Master Plan 2020”).

Based on September 2021 Newhall School District data, the student enrollment is 6,266 students. Current available capacity is calculated by subtracting current student enrollment from existing school facilities capacity. This operation results in available facilities capacity. The capacity calculation is shown in Table 1.

**Table 1  
Facilities Capacity and Student Enrollment**

| SCHOOL LEVEL            | EXISTING FACILITIES CAPACITY | STUDENT ENROLLMENT (SEPTEMBER 2021) | AVAILABLE/(DEFICIT) CAPACITY |
|-------------------------|------------------------------|-------------------------------------|------------------------------|
| Elementary School (K-6) | 8,475                        | 6,266                               | 2,209                        |

## B. PROJECTED UNHOUSED STUDENTS

### 1. Projected Residential Units

Based on information published by the City of Santa Clarita (“City”) Planning Division, the County of Los Angeles and the information provided in the Student Population Projections by Residence report completed by the School District’s demographer, DDP, dated March 2022 (the “Enrollment Report”), Koppel & Gruber Public Finance (“K&G Public Finance”) estimated that the School District could experience the development of 13,527 residential units over the next ten (10) years. The projected residential units (“Projected Units”) are summarized by residential category in Table 2 below. Units classified as single family detached (“SFD”) are those units with no common walls; single family attached (“SFA”) are those units sharing a common wall each on a separate and unique assessor’s parcel (e.g. townhouses, condominiums, etc.); and multi-family units (“MF”) are those units which share a single assessor’s parcel and share a common wall (e.g. apartments, duplexes, etc.).

The School District has entered into mitigation agreements with certain property owners and/or developers, whereby the terms of the mitigation agreements require mitigation payments in lieu of paying School Fees. Many of the Projected Units are located within areas subject to mitigation agreements (which for the purposes of this study are deemed “mitigated”). Those mitigated Projected Units have been identified and/or estimated and excluded from the calculation.

Currently, 9,331 of the Total Projected Units are within areas subject to mitigation agreements and are thus subtracted from the Total Projected Units, resulting in 4,196 Projected Unmitigated Units.

**Table 2**  
**Projected Units by Residential Category**

| <b>RESIDENTIAL CATEGORY</b>  | <b>TOTAL PROJECTED UNITS</b> | <b>PROJECTED MITIGATED UNITS</b> | <b>PROJECTED UNMITIGATED UNITS</b> |
|------------------------------|------------------------------|----------------------------------|------------------------------------|
| Single-Family Detached (SFD) | 4,304                        | 2,274                            | 2,030                              |
| Single-Family Attached (SFA) | 6,487                        | 6,487                            | 0                                  |
| Multi-Family (MF)            | 2,736                        | 570                              | 2,166                              |
| <b>TOTAL</b>                 | <b>13,527</b>                | <b>9,331</b>                     | <b>4,196</b>                       |

### 2. Student Generation Rates

In order to calculate student generation rates (“SGR’s”), K&G Public Finance utilized information in the Enrollment Report. The Enrollment Report evaluated residential parcels within the School District, classified by unit type (SFD, SFA MFA), and built within the past five (5) years (Calendar Years 2016 through 2020). DDP also matched students, linked by address, to the units built. While this methodology is the most accurate way to estimate the number of students new housing would yield, due to low

residential development numbers built within the School District in the last five (5) years, DDP opted to utilize Student Generation Rates based on a Santa Clarita Valley-wide calculation. Table 3 below summarizes the Santa Clarita Valley-wide SGRs by residential type.

**Table 3  
Student Generation Rates<sup>1</sup>**

| SCHOOL LEVEL            | SFD UNITS | SFA UNITS | MF UNITS |
|-------------------------|-----------|-----------|----------|
| Elementary School (K-6) | 0.350     | 0.318     | 0.204    |

### 3. Projected Student Enrollment

Projected student enrollment was determined by multiplying the SGRs in Table 3 by the number of residential units anticipated to be constructed within the School District over the next ten (10) years. A total of 1,153 students are estimated to be generated from Projected Unmitigated Units. The projected student enrollment is summarized in Table 4.

**Table 4  
Projected Student Enrollment**

| SCHOOL LEVEL            | TOTAL PROJECTED STUDENTS | TOTAL PROJECTED STUDENTS (MITIGATED) | TOTAL PROJECTED STUDENTS (UNMITIGATED) |
|-------------------------|--------------------------|--------------------------------------|--|
| Elementary School (K-6) | 4,128                    | 2,975                                | 1,153                                  |

### 4. Projected Unhoused Students

As shown in Table 1, the School District currently has available facilities capacity. However, students generated from Projected Mitigated Units have priority to any available capacity that exists. Therefore, capacity has been adjusted to reflect current capacity net Projected Mitigated Students, resulting in net 0 available seats (2,209 available seats minus 2,975 Projected students from Projected Mitigated Units leave a deficit of 766 seats). Therefore, the projected unhoused students generated by Projected Unmitigated Units (“Projected Unhoused Students”) is equal to the Projected Student Enrollment net the adjusted capacity figure. Table 5 shows the number of Projected Unhoused Students.

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<sup>1</sup> SGRs are a calculation of students per residential unit at a given moment in time and are constantly changing. The SGRs utilized in this study originate in the DDP Fall 2021 Projection Report, dated March 17, 2022.

**Table 5  
Projected Student Enrollment**

| SCHOOL LEVEL            | PROJECTED STUDENT ENROLLMENT | AVAILABLE SEATS | PROJECTED UNHOUSED STUDENTS |
|-------------------------|------------------------------|-----------------|-----------------------------|
| Elementary School (K-6) | 1,153                        | 0               | 1,153                       |

**C. FACILITY COSTS AND ESTIMATED PER STUDENT COST**

**1. Facilities Costs**

Both the Master Plan 2020 and the Enrollment Report allow for the possibility of a new school on the west of I-5, however this report does not include the cost of site acquisition and only considers the cost of building new school facilities on existing campuses to accommodate students generated from new development. The Master Plan 2020 provides for approximately \$66,033,000 in new construction however it does not break out the cost by a method that can be attributed on a per student basis. It is important to note that estimated facilities costs determined herein do not include costs for remodel or modernization projects at the School District’s existing sites. The determination of projected unhoused students shown in Table 5 demonstrates that adequate permanent facilities capacity does not exist to house Projected Student Enrollment.

**2. Estimated Cost Per Student**

The estimated cost per student to provide adequate school facilities to house Projected Unhoused Students for each school level was determined based on estimated new classroom construction costs from the Saugus Union School District, which is also located in Los Angeles County and shares boundaries with the School District. Based on these findings, a reasonable cost per square foot for new classroom construction is estimated to be \$669, excluding costs for interim housing administrative facilities and soft costs. Based on this information, K&G Public Finance determined that \$669 per square foot was an appropriate and conservative cost estimate. The estimated cost per square foot was then multiplied by the square footage per student as determined by the California Department of Education, which results in the Total Facilities Cost Impact per Seat/Student, which is shown in Table 6.

**Table 6  
Facilities Costs Per Student**

| SCHOOL LEVEL             | SQUARE FEET PER STUDENT <sup>1</sup> | COST PER SQUARE FOOT <sup>2</sup> | ESTIMATED TOTAL FACILITIES COST IMPACT PER SEAT/STUDENT |
|--------------------------|--------------------------------------|-----------------------------------|---|
| Elementary School (TK-6) | 73                                   | \$669                             | \$48,837  |

<sup>1</sup> Source: California Department of Education Report on Complete Schools, dated May 23, 2007.  
<sup>2</sup> Source: The average cost of new classroom construction in the Saugus Union School District.

### SECTION III. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

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The following section presents the school facility impact analysis for new residential development and provides step-by-step calculations of the estimated per residential square foot cost impact.

To determine the school facilities cost impact per square foot of residential development, first the Projected Unhoused Students determined in Table 5 were multiplied by the Costs per Student determined in Table 6. The result of this computation is shown Table 7 and reflects the estimated school facilities cost impact to house Projected Unhoused Students.

**Table 7  
Facilities Cost Impact**

| SCHOOL LEVEL            | PROJECTED UNHOUSED STUDENTS | COST PER STUDENT | FACILITIES COST IMPACT |
|-------------------------|-----------------------------|------------------|------------------------|
| Elementary School (K-6) | 1,153                       | \$48,837         | \$56,309,061           |

The total school facilities impact shown in Table 7 above was then divided by the number of Projected Unmitigated Units shown in Table 2 to determine the school facilities cost per residential unit. The costs per residential categories are shown in Table 8.

**Table 8  
School Facilities Cost per Residential Unit**

| FACILITIES COST ALLOCATION | PROJECTED UNMITIGATED UNITS | FACILITIES COST PER RESIDENTIAL UNIT |
|----------------------------|-----------------------------|--------------------------------------|
| \$56,309,061               | 4,196                       | \$13,420                             |

The school facilities cost impact per residential square foot was calculated by dividing the school facilities cost per residential unit determined in Table 8 by the weighted average square footage of a residential unit. This calculation is shown in Table 9. K&G Public Finance used projected square footage information in the William S Hart Union School District’s School Facilities Needs Analysis proposed to be Board adopted on May 18, 2022 to estimate the weighted average square footage of the Projected Unmitigated Units. This is due to the lack of a sufficient number of new residential units constructed within the School District within the last five years to determine a reliable estimate.

**Table 9**  
**School Facilities Cost per Residential Square Foot**

| FACILITIES COST<br>PER RESIDENTIAL<br>UNIT | WEIGHTED<br>AVERAGE SQUARE<br>FOOTAGE | FACILITIES COST<br>PER RESIDENTIAL<br>SQUARE FOOT |
|--|---------------------------------------|---|
| \$13,420                                   | 1,997                                 | <b>\$6.72</b>                                     |

The school facilities impact per residential square foot determined in Table 9 is greater than the School District’s share of the current maximum authorized residential School Fees of \$2.16 per square foot; therefore, the School District is justified in levying up to but not exceeding the maximum authorized amount for residential construction and reconstruction.

## SECTION IV. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS

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The following section presents the school facilities impact analysis for new commercial/industrial development and provides a step-by-step calculation of the estimated per commercial/industrial square foot cost impacts.

### A. EMPLOYEE GENERATION

In the course of making the nexus findings to justify School Fees levied on commercial/industrial development, Education Code Section 17621(e)(1)(B) requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. As mentioned in the Executive Summary, for purposes of making such determination this code section further sets out that the employee generation estimates be based on the applicable estimates set forth in the Traffic Study published by SANDAG.

The employee generation estimates per 1,000 square feet of development derived from the Traffic Study are listed by commercial/industrial land use category in Table 10. The land use categories listed are based on those categories described in the Traffic Study and include all land uses recommended by the provisions of Education Code Section 17621(e)(1)(B).

**Table 10**  
**Employee Generation per 1,000 Square Feet**  
**of Commercial/Industrial Development**

| COMMERCIAL/INDUSTRIAL CATEGORY             | AVERAGE<br>SQUARE<br>FOOTAGE PER<br>EMPLOYEE | EMPLOYEES<br>PER 1,000<br>SQUARE FEET |
|--|--|---------------------------------------|
| Banks                                      | 354  | 2.8253                                |
| Community Shopping Center                  | 652  | 1.5348                                |
| Neighborhood Shopping Center               | 357  | 2.7985                                |
| Industrial Business Parks                  | 284  | 3.5156                                |
| Industrial Parks/Warehousing/Manufacturing | 742  | 1.3473                                |
| Rental Self-Storage                        | 15,541                                       | 0.0643                                |
| Research & Development                     | 329  | 3.0408                                |
| Hospitality (Lodging)                      | 883  | 1.1325                                |
| Commercial Offices (Standard)              | 209  | 4.7897                                |
| Commercial Offices (Large High Rise)       | 220  | 4.5442                                |
| Corporate Offices                          | 372  | 2.6848                                |
| Medical Offices                            | 234  | 4.2654                                |

Source: San Diego Traffic Generator Study, January 1990 Edition; SANDAG.

## B. RESIDENTIAL IMPACT

### 1. Households

To evaluate the impact of commercial/industrial development on School District facilities, the employee generation estimates listed in Table 10 above were first used to determine the impact of commercial/industrial development on a per household basis. Based on information provided by the U.S. Census Bureau<sup>2</sup>, there are approximately 1.49 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 10 above by 1.49 results in the estimated number of households per 1,000 square feet of commercial/industrial development (“Total Household Impact”).

The Total Household Impact determined in the preceding paragraph takes into consideration all employees generated from commercial/industrial development. Since some of those employees will live outside the School District and will therefore have no impact on the School District, the figures are adjusted to reflect only those households within the School District occupied by employees generated from commercial/industrial development built within the School District. Based on information derived from U.S. Census Bureau data<sup>3</sup>, it is estimated that approximately 33.0 percent (33.0%) of employees both live and work within the School District. Multiplying the Total Household Impact by 33.0 percent (33.0%) results in the households within the School District impacted per 1,000 square feet commercial/industrial development. The results of these computations are shown in Table 11.

**Table 11**  
**Impact of Commercial/Industrial Development on**  
**Households within the School District**

| <b>COMMERCIAL/INDUSTRIAL CATEGORY</b>      | <b>SCHOOL DISTRICT<br/>HOUSEHOLDS PER 1,000<br/>SQUARE FEET COM./IND.</b> |
|--|---|
| Banks                                      | 0.6257  |
| Community Shopping Center                  | 0.3399  |
| Neighborhood Shopping Center               | 0.6198  |
| Industrial Business Parks                  | 0.7786  |
| Industrial Parks/Warehousing/Manufacturing | 0.2984  |
| Rental Self-Storage                        | 0.0143  |
| Research & Development                     | 0.6735  |
| Hospitality (Lodging)                      | 0.2508  |
| Commercial Offices (Standard)              | 1.0608  |
| Commercial Offices (Large High Rise)       | 1.0064  |
| Corporate Offices                          | 0.5946  |
| Medical Offices                            | 0.9447  |

<sup>2</sup> US Census Bureau- 2020 American Community Survey 1-Year Estimate; DP03-Housing units; S0801- Commuting Characteristics (workers 16 years and over).

<sup>3</sup> US Census Bureau- 2020 American Community Survey 1-Year Estimates; S0801- (worked in place of residence)

## 2. Household Student Generation

The student generation impacts per 1,000 square feet of commercial/industrial development were calculated by multiplying the new household impacts shown in Table 11 by the blended student generation rate. The result of this calculation is shown in Table 11. The blended student generation rate is based on the SGRs summarized in Table 3 and were combined into a single rate based on the proportionate number of each type of residential unit anticipated to be constructed in the School District as shown in Table 2. The determination of the blended student generation rates are shown and described in Appendix “B” of this Study.

**Table 12**  
**Student Generation per 1,000 Square Feet of**  
**Commercial/Industrial Development**

| <b>COMMERCIAL/INDUSTRIAL CATEGORY</b>      | <b>SCHOOL STUDENT GENERATION</b> |
|--|----------------------------------|
| Banks                                      | 0.1718                           |
| Community Shopping Center                  | 0.0933                           |
| Neighborhood Shopping Center               | 0.1702                           |
| Industrial Business Parks                  | 0.2138                           |
| Industrial Parks/Warehousing/Manufacturing | 0.0819                           |
| Rental Self-Storage                        | 0.0039                           |
| Research & Development                     | 0.1849                           |
| Hospitality (Lodging)                      | 0.0689                           |
| Commercial Offices (Standard)              | 0.2913                           |
| Commercial Offices (Large High Rise)       | 0.2764                           |
| Corporate Offices                          | 0.1633                           |
| Medical Offices                            | 0.2594                           |

## C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT

### 1. Cost Impact

To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the total school facilities cost per student was determined by multiplying the school facilities costs per student determined in Table 6 by the student generation impacts shown in Table 12. The school facilities cost impacts are shown in Table 13 by commercial/industrial development category.

**Table 13  
School Facilities Costs per 1,000 Square Feet of  
Commercial/Industrial Development**

| COMMERCIAL/INDUSTRIAL CATEGORY             | SCHOOL IMPACT |
|--|---------------|
| Banks                                      | \$8,390       |
| Community Shopping Center                  | \$4,556       |
| Neighborhood Shopping Center               | \$8,312       |
| Industrial Business Parks                  | \$10,441      |
| Industrial Parks/Warehousing/Manufacturing | \$4,000       |
| Rental Self-Storage                        | \$190         |
| Research & Development                     | \$9,030       |
| Hospitality (Lodging)                      | \$3,365       |
| Commercial Offices (Standard)              | \$14,226      |
| Commercial Offices (Large High Rise)       | \$13,499      |
| Corporate Offices                          | \$7,975       |
| Medical Offices                            | \$12,668      |

## 2. Residential Fee Offsets

New commercial/industrial development within the School District will generate new employees, thereby increasing the need for new residential development to house those employees living in the School District. Residential school fees adopted by the School District under applicable law will also be imposed by the School District on such new residential development. To prevent new commercial/industrial development from paying the portion of impact that is mitigated by the applicable residential school fees, this amount has been calculated and deducted from the school facilities impact costs calculated in Table 13 above.

The residential fee offsets are calculated by using the School District’s proposed Level I Fee applicable to residential development (\$2.16 per square foot) and multiplying that amount by the weighted average square footage of a residential unit in the School District, which is 1,997 square feet. This calculation provides the average residential revenues from a residential unit of \$4,314 ( $\$2.16 \times 1,997$ ). The average residential revenues from a residential unit multiplied by New Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 11, results in the residential school fee revenues per 1,000 square feet of commercial/industrial development (“Residential Fee Offset”). This computation is shown in Table 14.

**Table 14  
Residential Fee Offset**

| <b>COMMERCIAL/INDUSTRIAL CATEGORY</b>      | <b>HOUSEHOLDS PER<br/>1,000 SQUARE<br/>FEET COM./IND.</b> | <b>RESIDENTIAL FEE<br/>OFFSET PER 1,000<br/>SQUARE FEET<br/>COM./IND.</b> |
|--|---|---|
| Banks                                      | 0.6257  | \$2,699   |
| Community Shopping Center                  | 0.3399  | \$1,466   |
| Neighborhood Shopping Center               | 0.6198  | \$2,674   |
| Industrial Business Parks                  | 0.7786  | \$3,359   |
| Industrial Parks/Warehousing/Manufacturing | 0.2984  | \$1,287   |
| Rental Self-Storage                        | 0.0143  | \$62  |
| Research & Development                     | 0.6735  | \$2,905   |
| Hospitality (Lodging)                      | 0.2508  | \$1,082   |
| Commercial Offices (Standard)              | 1.0608  | \$4,576   |
| Commercial Offices (Large High Rise)       | 1.0064  | \$4,342   |
| Corporate Offices                          | 0.5946  | \$2,565   |
| Medical Offices                            | 0.9447  | \$4,075   |

**3. Net School Facilities Costs**

Subtracting the Residential Fee Offset determined in Table 14 from the total school facilities costs listed in Table 13 results in the net school facilities costs per 1,000 square feet of commercial/industrial development (“Net School Facilities Costs”). The Net School Facilities Costs are listed in Table 15.

**Table 15**  
**Net School Facilities Costs**  
**Per 1,000 Square Feet Commercial/Industrial Development**

| COMMERCIAL/INDUSTRIAL CATEGORY             | TOTAL SCHOOL FACILITIES COSTS | RESIDENTIAL FEE OFFSET | NET SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET COM./IND. |
|--|-------------------------------|------------------------|---|
| Banks                                      | \$8,390                       | \$2,699                | \$5,691   |
| Community Shopping Center                  | \$4,556                       | \$1,466                | \$3,090   |
| Neighborhood Shopping Center               | \$8,312                       | \$2,674                | \$5,638   |
| Industrial Business Parks                  | \$10,441                      | \$3,359                | \$7,082   |
| Industrial Parks/Warehousing/Manufacturing | \$4,000                       | \$1,287                | \$2,713   |
| Rental Self-Storage                        | \$190                         | \$62                   | \$128   |
| Research & Development                     | \$9,030                       | \$2,905                | \$6,125   |
| Hospitality (Lodging)                      | \$3,365                       | \$1,082                | \$2,283   |
| Commercial Offices (Standard)              | \$14,226                      | \$4,576                | \$9,650   |
| Commercial Offices (Large High Rise)       | \$13,499                      | \$4,342                | \$9,157   |
| Corporate Offices                          | \$7,975                       | \$2,565                | \$5,410   |
| Medical Offices                            | \$12,668                      | \$4,075                | \$8,593   |

The Net School Facilities Costs determined in Table 15 were then divided by 1,000<sup>4</sup> to provide the cost impact on a square foot basis. These cost impacts are listed in Table 16.

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<sup>4</sup> The Employee Generation rates derived from the SANDAG study are estimated per 1,000 square feet of development.

**Table 16**  
**Net Cost Impacts**  
**Per Square Foot of Commercial/Industrial Development**

| COMMERCIAL/INDUSTRIAL CATEGORY             | NET IMPACTS |
|--|-------------|
| Banks                                      | \$5.69      |
| Community Shopping Center                  | \$3.09      |
| Neighborhood Shopping Center               | \$5.64      |
| Industrial Business Parks                  | \$7.08      |
| Industrial Parks/Warehousing/Manufacturing | \$2.71      |
| Rental Self-Storage                        | \$0.13      |
| Research & Development                     | \$6.13      |
| Hospitality (Lodging)                      | \$2.28      |
| Commercial Offices (Standard)              | \$9.65      |
| Commercial Offices (Large High Rise)       | \$9.16      |
| Corporate Offices                          | \$5.41      |
| Medical Offices                            | \$8.59      |

The net cost impacts shown in Table 16 are greater than the School District’s share of the current maximum authorized commercial/industrial School Fees of \$0.35 per square foot except for the category of Rental Self-Storage development. Therefore, the School District is justified in levying school fees on commercial/industrial in amount up to but not exceeding the School District’s share of the maximum authorized statutory fee. For Rental Self-Storage businesses, which typically have extremely low numbers of employees, the School District is justified in collecting \$0.13 per square foot.

## **SECTION V. OTHER CONSIDERATIONS**

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### **A. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES**

In cases where new commercial/industrial development does not fit within the prescribed categories shown in Table 11, the School District shall evaluate such development on a case-by-case basis to determine if the imposition of the School Fees on the development meets the nexus requirements set forth under Government Code Section 66000 et seq. The School District may levy School Fees on such development in an amount up to but not exceeding the cost per square foot impact determined through such evaluation.

### **B. AGE-RESTRICTED (SENIOR) HOUSING**

The School District must exercise discretion in determining whether a particular project qualifies as “senior citizen housing” for the purpose of imposing developer fees. (See California Ranch Homes Development Co. v. San Jacinto Unified School Dist. (1993) 17 Cal.App.4th 573, 580–581.) The School District acknowledges Section 65995.1 and will levy its share of School Fees on qualifying senior citizen housing projects at the current commercial/industrial rate per square foot as justified herein. The School District will require proof that such senior units are indeed restricted to seniors (i.e. a copy of the recorded CC&Rs or deed(s)) and reserves the right to revoke a Certificate of Compliance and/or require payment of difference of the amount per square foot paid to the then current amount of School Fees being levied on residential development per square foot should such CC&Rs or deed(s) be modified to allow students to reside in such the housing units. If there is any uncertainty as to whether a project qualifies as senior citizen housing or will, in fact, remain senior citizen housing beyond initial approval, the School District may wish to seek cooperation from the developer as a condition of levying the commercial/industrial School Fee rate. Such cooperation could take the form of an agreement by the developer to include a restriction in the recorded CC&Rs conditioning subsequent changes in residency requirements on the owner’s payment of applicable developer fees, and to notify the School District of changes in residency requirements and/or to provide current residency data upon School District’s request.

## **SECTION VI. REDEVELOPMENT**

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Government Code Section 66001, subdivision (a)(3) and (4) requires that a school district, in imposing school-impact fees, establish a reasonable relationship between the fee's use, the need for the public facility and the type of development project on which the fee is imposed. This section addresses and sets forth general policy when considering the levy of school fees on new construction resulting from redevelopment projects within the School District.

Redevelopment means voluntarily demolishing existing residential, commercial, and/or industrial structures and subsequently replacing them with new construction (“Redevelopment”). The School District is aware of Redevelopment projects completed within the School District boundaries and anticipates similar Redevelopment projects may be completed in the next ten (10) years and beyond. School fees authorized pursuant to Education Code Section 17620 and Government Code Sections 65995 et seq. shall be levied by the School District on new construction resulting from Redevelopment projects, if there is a nexus between the School Fees being imposed and the impact of new construction on school facilities, after the impact of pre-existing development has been taken into consideration. In determining such nexus, the School District shall review, evaluate and determine on a case-by-case basis, the additional impact of the proposed new development by comparing the projected square footage, student generation and cost impacts of the proposed new units and the pre-existing residential, commercial and/or industrial development. Such analysis shall utilize the student generation rates identified in Table 3 of this Study, as applicable.

Redevelopment projects featuring a transition in commercial/industrial categorical classification (e.g. a project redeveloping a Hospitality (lodging) space into Commercial office (standard) space) should be assessed based on the Applicable School Fee for the new commercial/industrial category multiplied by the total assessable space of the new commercial/industrial project in the case of a complete site redevelopment. In the case where there is a partial redevelopment, or an addition to an existing development, the Applicable School Fee should be calculated on a basis of the marginal assessable space increase multiplied by the maximum Applicable School Fee for the for the assessable space.

The School District may levy school fees, authorized under applicable law, on new units resulting from construction projects in an amount up to the additional impact cost per square foot as determined in accordance with the preceding paragraphs, but not exceeding the applicable school fees.

## **SECTION VII. GOVERNMENT CODE SECTION 66000**

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Government Code Sections 66000 *et seq.* were enacted by State Legislature in 1987. In any action establishing, increasing, or imposing a fee as a condition of approval of a development project, such as the Applicable School Fees described herein, these Government Code sections require the public agency to satisfy the following requirements:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

The information set forth herein, including the information contained in the Appendices attached hereto, provide factual evidence establishing a nexus between the type of development projected to be built within the School District and the amount of Applicable School Fees levied upon such development based on the need for such Applicable School Fees. The determinations made in this Study meet the requirements of Government Code Section 66000. The findings are summarized as follows:

### **Purpose of the School Fee**

The Board of the School District will levy and collect school fees on new residential and commercial/industrial development to obtain funds for the construction and/or reconstruction of school facilities to accommodate students generated as a result of such development. In accordance with Education Code Section 17620, "construction or reconstruction of school facilities" **does not** include any item of expenditure for any of the following:

- (i). Regular maintenance or routine repair of school buildings and facilities;
- (ii). Inspection, sampling, analysis, encapsulation or removal of asbestos-containing material, except where incidental to school facilities construction or reconstruction for which the expenditure of fees or other consideration collected pursuant to Education Code Section 17620 is not prohibited; and,
- (iii). Deferred maintenance as described in Education Code Section 17582.

## **Identify the Use of the School Fee**

The School District has determined that revenues collected from Applicable School Fees imposed on residential and commercial/industrial developments will be used for the following purposes:

- (i). Construction or reconstruction of school facilities required to accommodate students generated by new residential and commercial/industrial development in areas of the School District where existing school facilities are needed;
- (ii). Construction or reconstruction of administrative and operations facilities required in response to new student growth from new development;
- (iii). Acquisition or lease of property for unhoused students generated from new development;
- (iv). Purchase or lease of interim and/or temporary school facilities in order to accommodate student capacity demands;
- (v). Furniture for use in new school facilities;
- (vi). Costs associated with the administration, collection, and justification for the Applicable School Fees;
- (vii). Provide local funding that may be required if the School District applies for State funding through SB 50.

As previously noted and described herein, the Alternative Fees will be used to fund school facilities necessary to accommodate Projected Unhoused Students generated by Projected Unmitigated Units to the extent described in this Study and permitted by applicable law. Such Alternative Fees will be used to fund, in part, the school facilities identified in the Facilities Plan, inclusive of those school facilities described in this Study.

## **Relationship between the Use of the Fee, the Need for School Facilities and the Type of Development on which the Fee is Imposed**

As determined in the preceding sections, adequate school facilities do not exist to accommodate students generated from new residential and commercial/industrial development. The fees imposed on such new development will be used to finance the acquisition of property and the construction and/or reconstruction of school facilities required to accommodate student enrollment growth generated by new residential and commercial/industrial development.

## **Determination of the Relationship between the Fee Amount and the School Facilities Costs Attributable to Type of Development on which the Fee is Imposed**

The imposition of the Applicable School Fees of \$2.16 per square foot for residential development are justified as these fees are below the per square foot cost impacts to provide adequate school facilities required as a result of such new residential development.

Similarly, the imposition of the Applicable School Fees of \$0.35 per square foot for commercial/industrial development are justified as the fees are equal to or below the estimated

per square foot net cost impact to provide adequate school facilities required as a result of such new commercial/industrial development.

### **Accounting Procedures for the Fees**

The School District will deposit, invest, and expend the school fees imposed and collected on residential and commercial/industrial development in accordance with the provision of Government Code Section 66006.

## **Appendix A - Facilities Capacity Update**

**NEWHALL SCHOOL DISTRICT  
FACILITIES CAPACITY UPDATE  
APPENDIX A**

| <b>Elementary School</b>          | <b>Design<br/>Capacity</b> |
|-----------------------------------|----------------------------|
| McGrath Elementary School         | 750                        |
| Meadows Elementary School         | 800                        |
| Newhall Elementary School         | 950                        |
| Oak Hills Elementary School       | 900                        |
| Old Orchard Elementary School     | 650                        |
| Peachland Elementary School       | 700                        |
| Pico Canyon Elementary School     | 850                        |
| Stevenson Ranch Elementary School | 1,175                      |
| Valencia Valley Elementary School | 775                        |
| Wiley Canyon Elementary School    | 925                        |
| <b><i>Total Capacity</i></b>      | <b>8,475</b>               |

\*Based on information provided by Davis Demographics Planning, Inc. in the Fall 2021 : 7-Year Projections report dated March 2022.

## **Appendix B – Student Generation Rates**

Student Generation Rates (SGRs) used in this Study are utilized from the Student Population Projections by Residence report completed by DDP in March 2022. As discussed in Section II.B.2 of this Study, this report evaluated residential parcels within the School District, classified by unit type (SFD, SFA MFA), and built within the past five (5) years (Calendar Years 2016 through 2020). DDP also matched students, linked by address, to the units built. While this methodology is the most accurate way to estimate the number of students new housing would yield, due to low residential development numbers built within the School District in the last five (5) years. However, due to the low numbers of units constructed during the time period, DDP deemed it more statistically robust to utilize the SGR’s based on a Santa Clarita Valley-wide calculation which included a larger sample population of recently developed residential units. These student generation rates were used to evaluate students generated from future households. The student generation rates are listed by residential category in Table B-1.

**Table B-1  
Student Generation Rates**

| SCHOOL LEVEL            | SFD UNITS | SFA UNITS | MF UNITS |
|-------------------------|-----------|-----------|----------|
| Elementary School (K-6) | 0.350     | 0.318     | 0.204    |

The student generation rates for each residential category listed in Table B-1 were blended into a single student generation rate based on the percentage allocation residential categories of Projected Unmitigated Units. The percentage allocations are shown in Table B-2.

**Table B-2  
Allocation of Projected Units by Residential Category**

| RESIDENTIAL CATEGORY | PROJECTED UNMITIGATED UNITS | PERCENTAGE ALLOCATION |
|----------------------|-----------------------------|-----------------------|
| SFD                  | 2,030                       | 48.4%                 |
| SFA                  | 0                           | 0.0%                  |
| MF                   | 2,166                       | 51.6%                 |
| <b>TOTAL</b>         | 4,196                       | 100.0%                |

The Blended Student Generation Rates were determined by applying the percentage allocations, the results of which are shown in Table B-3.

**Table B-3  
Blended Student Generation Rates**

| SCHOOL LEVEL            | BLENDED STUDENT GENERATION RATE |
|-------------------------|---------------------------------|
| Elementary School (K-6) | 0.2746                          |

## **Appendix C – Commercial/Industrial Category Descriptions**

### Commercial and Industrial Category Descriptions

|  |  |
|--|--|
| Banks  | Include small branch offices to regional offices used for banking. Properties under this category allow customers to conduct banking on-site.  |
| Shopping Center                                | Broadly include regional, community and neighborhood shopping centers which sell merchandise and services to consumers. Include grocery stores, restaurants, retail centers, automotive sales.                                   |
| Industrial Business Parks                      | Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with 15% or more of the total area designated for commercial use.   |
| Industrial Parks/<br>Warehousing/Manufacturing | Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with limited or no commercial use (less than 15% of the total area designated for commercial use).                          |
| Rental Self-Storage                            | Include warehouse developments which rent small storage vaults and often termed "mini-storage".  |
| Research & Development                         | Include scientific research and development laboratories, office and/or their supporting facilities.   |
| Hospitality(Lodging)                           | Include establishments which provide lodging to the general public. Lodging types include hotels, motels, resort hotels and inns. The maximum term of occupancy for establishment within this category shall not exceed 30 days. |
| Commercial Offices (Standard)*                 | Include general office space occupying less than 100,000 square feet with multiple tenants.  |
| Commercial Offices (Large High Rise)*          | Include general office space occupying 100,000 square feet and greater with multiple tenants.  |
| Corporate Offices                              | An office or office building with a single tenant.   |
| Medical Offices                                | Include medical offices that serve a wide range of medical needs and may include a pharmacy. Medical offices are generally operated by one or more physicians.   |

\*Office space used for activities described under banks, research and development, or medical offices should be classified under those categories.