PFNA Administrative Adjustment and PFNA Report Update FAQs

Why is the annual update different this year?

1. We will be completing the annual administrative adjustment to the PFNA in January. In addition to the allowable 5% increase, this year there is an approximately 7% corrective adjustment for the error that has been occurring in the calculation of the annual adjustment process due to the allowance we make for Residential Construction Tax contributions.

Why did we update the PFNA Report?

2. The PFNA Report has not been updated since 2017. The City determined that a review of the assessment, land use projections, cost estimates for public facilities, and resulting contribution rates was necessary given the rising construction costs and ongoing development in West Henderson.
3. It is often difficult to determine at the time of entitlement whether the end user of a development will be retail, office, or industrial. Given that, one rate for all non-residential uses is more equitable and will be more straightforward to administer.

What are the key results of the update?

4. We updated the cost assumptions and needs assessment for the planned facilities, projections for housing units and non-residential development, and calls for service data for public safety to help allocate costs to the development types that have the strongest demand for services.
5. We have reviewed the larger planned recreation facilities and realize that some of them will serve citywide demands rather than just West Henderson. With this in mind, we are allocating 70% of the cost of the recreation center and sports complex facilities to the PFNA rather than assuming the PFNA should fund 100% of these facilities.
6. Residential contribution rates will require an increase of approximately 57% to cover cost of the planned facilities.
7. Non-residential contribution rates will increase to $2.40 per square foot, which is more in terms of percent increase because their relative contribution was lower in the previous assessment, as they had previously not contributed to parks and recreation facilities.
    a. Non-residential developments benefit from the amenities in West Henderson and see that benefit in rent rates and property values that respond to quality development in this area compared to other industrial areas throughout the valley.
    b. All growth contributes to the need for amenities: job creation generates housing demand, which generates the need for parks and other facilities. The cost of this growth should be distributed equitably to achieve a complete community with jobs, housing, and recreational opportunities each benefiting from the others.

Where do we go from here?

8. Our intention for setting up this meeting step was to share the results of the analysis. We anticipate additional discussions with you and with our other development industry partners.
9. We understand that these updated contributions will come with challenges for our development partners. We would like to hear your questions, input, or suggestions about how to best implement this update.

Table 1. West Henderson PFNA Annual Administrative Adjustment

Year	Maximum Fee via 2017 Report	Fee Less RCT	Actual Colllections	Shortfall Per Permit
2017	$ 3,000	$ 2,000	$2,000	$ -
2018	$ 3,150	$ 2,150	$2,100	$ (50)
2019	$ 3,307	$ 2,308	$2,205	$ (103)
2020	$ 3,472	$ 2,473	$2,315	$ (158)
2021	$ 3,646	$ 2,647	$2,431	$ (216)
2022	$ 3,828	$ 2,829	$2,553	$ (276)
2023 Proposed	***$ 4,020***	***$ 3,020***	***$ 2,681***	***$ (339)***

Table 2. Proposed Changes to West Henderson PFNA Contribution Rates

PFNA Contribution Options	Residential Per Housing Unit (excludes RCT)	Non-Residential Retail Per Sq. Ft.	Office/Civic Per Sq. Ft.	Industrial Per Sq. Ft.
Expected 2023	$ 3,020	$ 1.01	$ 1.35	$ 0.53
Proposed	$ 4,743	$ 2.40	$ 2.40	$ 2.40