

Atlanta Impact Fee Study

Roads, Parks, Fire and Police

System Evaluation and Fee Update



Community Development Human Resources Committee Work Session

April 24, 2012



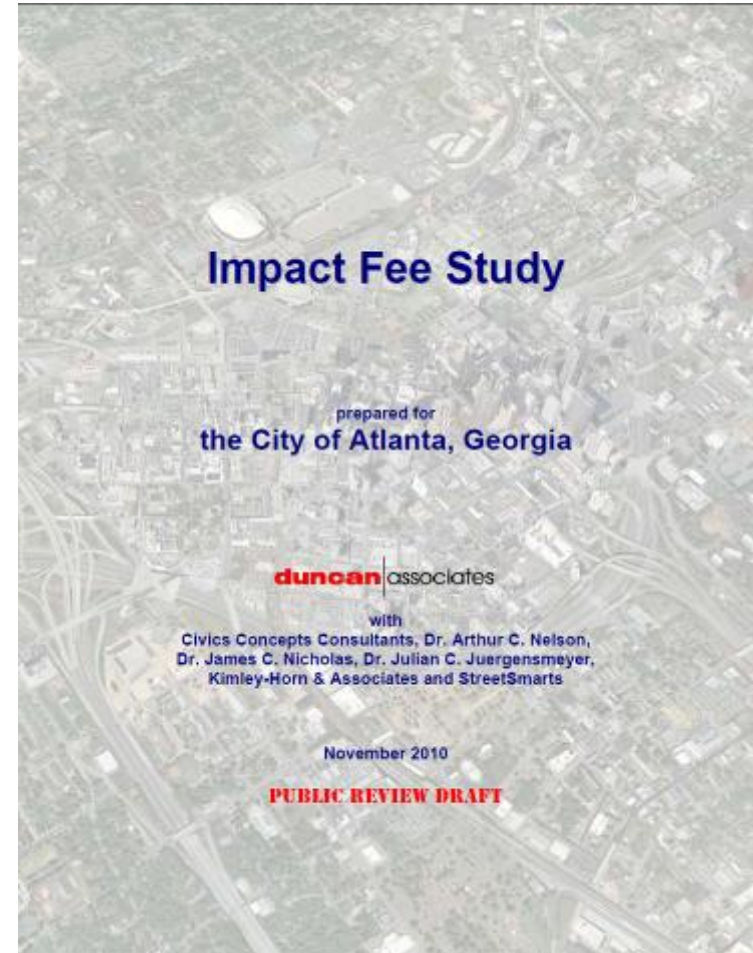
Department of Planning and Community Development
James E. Shelby, Commissioner

duncan | associates

with Civic Concept Consultants, Dr. Arthur C. Nelson,
Dr. James C. Nicholas, Dr. Julian C. Juergensmeyer,
Kimley-Horn & Associates and StreetSmarts

Overview of Presentation

- Legal Requirements
- System Evaluation
 - Exemptions
 - Administration
 - Service areas
- Impact Fee Update
 - Updated fees, adoption options
 - Myths about impact fees
 - Problems with fee comparisons
- Summary of Recommendations
- Next Steps





What are Impact Fees?

“Charges levied on new development to pay for the construction or expansion of off-site capital improvements that benefit the development.”

- Regulatory fee, not a tax
- One-time, up-front charge
- Charged at building permit
- Based on pre-determined formula
- Pays only for capital costs needed to serve growth



Development Impact Fee Act

- Use only for “capital improvements” (10-yr useful life)
- Use only for “system improvements” that serve community at large, not “project improvements”
- Base fees on levels of service that are adopted and “applicable to existing development as well as” new growth
- Give developers credit against fees for similar improvements
- Exempt fees only if funded through other revenue
- Establish advisory committee (50% dev’t reps)
- Account for fees paid (amount, address and date)
- Account for exemptions (address, reason, funding)
- Refund fees if not encumbered within 6 years
- Prepare annual report



Requirements for Atlanta Road Fees

- Spend road fees only on projects identified in the comprehensive plan
- Demonstrate projects are in proximity to new development
- Demonstrate projects will have greatest effect on road level of service
- Have road section of annual impact fee report reviewed by advisory committee
- These provisions became effective July 1, 2007

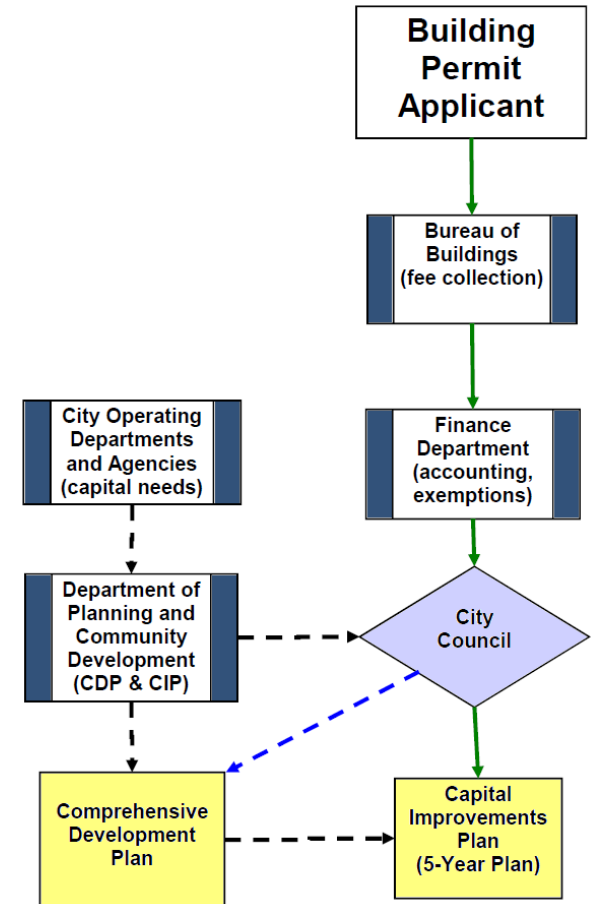


Exemptions

- Exemptions have been extensive
 - Large areas of the city have been exempt
 - Exemptions have reduced impact fee collections by at least 1/3
- Exemptions currently suspended
 - CFO has not certified funds available since June 2009
- Recommendations:
 - Rescind blanket exemptions for geographic areas of the city
 - Add affordable housing exemption requirements to ensure housing remains affordable
 - Fund exemptions by depositing other funding into fee accounts

Administrative Process

- Authority fragmented
 - No single administrative entity
 - Appropriations not always recorded promptly
 - Need better tracking of project completion
- Recommendations:
 - Create administrator position in DPCD
 - Create management committee with reps from other affected departments
 - Establish procedures to track appropriations, expenditures, interest, exemptions
 - Put administrative fee in single account



Service Areas

- Current service areas:
 - 1 service area for roads, fire and police
 - 3 service areas for parks
- Atlanta under State mandate to show road fees spent to benefit fee-payers
- Park service areas are also appropriate for roads
- Recommendation: Use park service area boundaries for roads



Park Service Areas

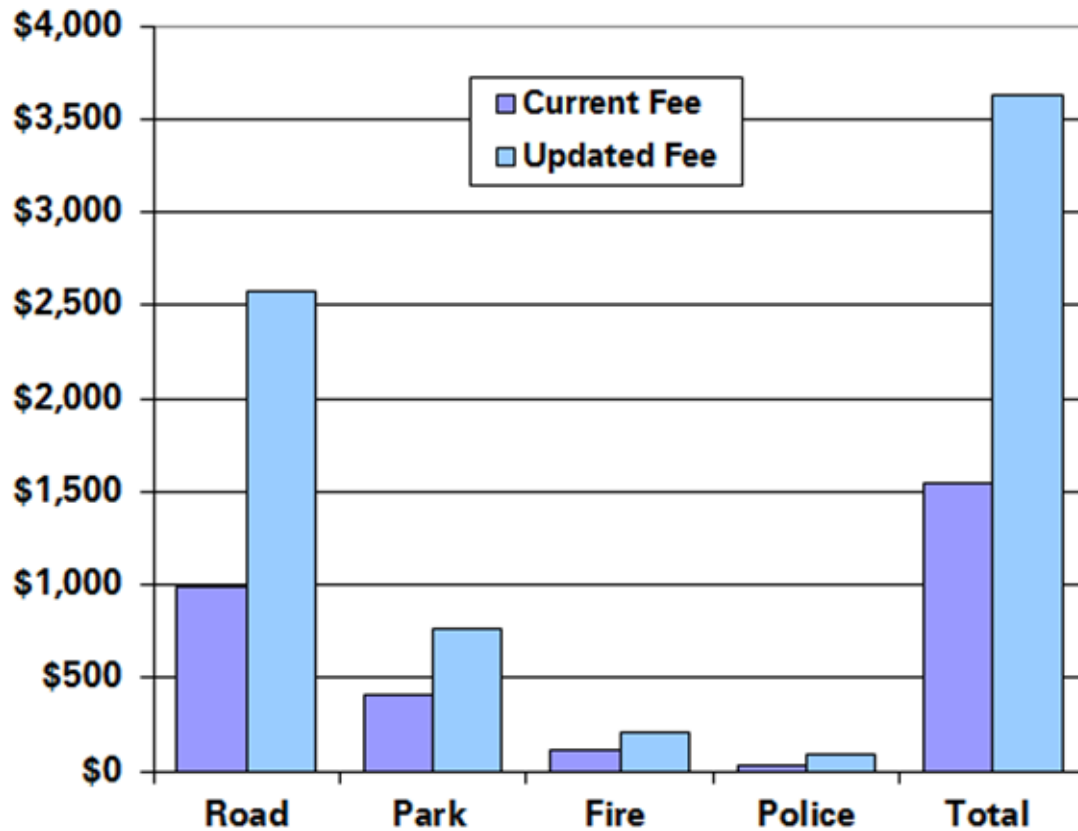


Modifications to Fee Calculations

- Eliminate ROW and State road costs from road fees; add collector road costs
- Add improvement costs to park fees
- Calculate all fees based on existing levels of service in each service area
- Recommend adoption of city-wide road and park fees based on lowest level of service of the three service areas

Updated Fees

Fees per Single-Family Unit



← Adopt at 100%, 135% increase

← Adopt at 75%, 77% increase

← Adopt at 60%, 41% increase

← Adopt at 50%, 17% increase

← Adopt at 42.5%, no net increase

Note: CPI up 59% since 1993 study; ENR construction cost index up 82%

Note: updated road fee excludes ROW costs; park fee includes improvement costs

Adoption Options

Land Use Type	Unit	Current Fees	Updated Fees based on Adoption Percentage				
			42.5%	50%	60%	75%	100%
Single-Family	Dwelling	\$1,544	\$1,544	\$1,817	\$2,180	\$2,725	\$3,633
Multi-Family	Dwelling	\$857	\$975	\$1,147	\$1,376	\$1,720	\$2,293
Commercial	1000 sq ft	\$2,273	\$1,717	\$2,020	\$2,423	\$3,029	\$4,039
Office	1000 sq ft	\$2,322	\$1,160	\$1,365	\$1,638	\$2,048	\$2,730
Industrial	1000 sq ft	\$1,255	\$902	\$1,061	\$1,273	\$1,592	\$2,122
% Change from Current Fees							
Single-Family	Dwelling		0%	18%	41%	76%	135%
Multi-Family	Dwelling		14%	34%	61%	101%	168%
Commercial	1000 sq ft		-24%	-11%	7%	33%	78%
Office	1000 sq ft		-50%	-41%	-29%	-12%	18%
Industrial	1000 sq ft		-28%	-15%	1%	27%	69%



Myths about Impact Fees

- Impact fees add to the cost of housing
 - The market sets the price. Developers will reduce profits or negotiate a lower purchase price from land owners.
- Impact fees make the City less competitive
 - Better infrastructure tends to attract development
- Atlanta's impact fee system is unfair and difficult to navigate
 - Impact fees level the playing field; simpler than negotiated exactions
 - New ordinance incorporates provisions backed by the study: improved administration; the elimination of blanket geographic exemptions; improved processes for developer agreements; and better accountability.



Impact Fee Comparisons

- Atlanta not competing for lowest-cost development in area
 - Land costs make that impossible
- Fees are a small part of development costs
 - Current office/retail fees are about 1.5% of construction costs
 - Maximum office fees about 1.8%; retail about 2.7% of construction costs
- Fees are not an additional development cost
 - Communities with no impact fees still require developers to make improvements
- Development costs are only one of many factors affecting location decisions
 - No two communities are comparable in all other important factors
 - Study in Florida found no advantage for counties that reduced fees

Summary of Major Recommendations

Issue	Current Policy	Recommendation
Road Service Areas	Single City-Wide Area	Three (same as parks)
Road Fee Expenditures	Primarily Sidewalks	Greatest Effect on Road LOS
Geographic Exemptions	About 20% of City	Eliminate
Affordable Housing Exemptions	Based on Initial Price	Add Requirements to Keep Affordable
Funding Exemptions	Identify Offsetting Bond Projects	Deposit into Fee Account
Park, Fire, Police Methodology	Recoupment (lower than existing level of service)	Fees Based on Existing Level of Service
Impact Fee Administration	Responsibility Scattered Among Departments	Create Fee Administrator Position in Dept. of Planning & Community Development, New Management Committee
Administrative Procedures	Appropriations and Expenditures Not Always Tracked	Administrator to Develop Better Tracking Procedures

Questions?

