

PRESIDENT & CEO

Michael E. Paris

BOARD OF DIRECTORS

Paul Corley, Chairman
Doug Jenkins, Vice Chairman
Albert G. Edwards, Secretary
Rob Ross, Treasurer

W. Kerry Armstrong
David Barker
Bryan Batson
Brandon L. Beach
Jeremy Becker
Josh Belinfante
Simon H. Bloom
Kali Boatright
Tad Braswell
Rick Brownlow
Chuck Button
Daniel Buyers
Frederick L. Daniels, Jr.
Laurel David
Dorian Debar
Chuck Deeb
Randy L. Dellinger
G. Douglas Dillard
Chris S. Doughie
Lee C. Duncan
T. Scott Duncan
Todd Evans
Angie Fiese
Terry Fox
Rob Garcia
Heath Garrett
Ashley Groome
Ann Hanlon
John A. Heagy, III
Clyde Higgs
Stephen K. Hill
Wayne Hill
Kimberly A. Hudgins
Bryan A. Jackson
Rich Johnson
Steven Labovitz
Michael Leithead
Tad Leithead
David Leonard
Greg Lewis
Tim Lowe
Andy Macke
BJ Martin
Nick Masino
Sharon Mason
Wayne H. Mason
James McCoy
Gerald McDowell
Sean McLendon
M. Scott Meadows
Kim Menefee
Paul F. Morris
Emory Morsberger
Alvin P. Nash
Trey Paris
Jeffrey Parker
Chad Plunkett
Gerald L. Pouncey, Jr.
Tracy Rathbone Styf
Matt Reid
S. Brent Reid
Sally Riker
Malaika Rivers
John F. Robbins
Teddy Russell
Christie Sims
Dallas Smith
Ellen W. Smith
Pamela J. Smith
Woody Snell
Michael L. Sullivan
Robert J. Svedberg
Helen Preston Tapp
Jim Teel
Rukiya S. Thomas
James Tsismanakis
Seth G. Weissman
David Welch
Greg Williams
R. Kyle Williams
Doris Willmer
Jay C. Wolverton, Jr.
Louis D. Young, Jr.
H. Mason Zimmerman

March 11, 2020

Commissioner Tim Keane
City of Atlanta
55 Trinity Ave SW #3350
Atlanta, GA 30303

Re: Updating Atlanta's Impact Fee Structure

Dear Commissioner Keane,

The Council for Quality Growth is a not-for-profit trade association representing over 300 companies comprised of architects, attorneys, contractors, developers, engineers, financial executives with a vested interest in quality growth and development in the City of Atlanta.

The Council for Quality Growth appreciates the opportunity to engage with the City of Atlanta since the inception of the Development Impact Advisory Committee last year. We have solicited feedback from our membership on the impact an updated impact fee structure would have on quality growth within the City of Atlanta. We have spoken informally with city administrators about our concerns with the proposed impact fee study recommendations. Our organization is grateful for the opportunity to formally submit our comments to the Development Impact Fee Advisory Committee.

The Council for Quality Growth understands Atlanta's desire to update its impact fee structure. The impact fee schedule has not changed since 1993. Our organization recognizes that impact fees need to cover the growth-related capital costs to maintain adequate levels of service for transportation, park, fire, and police facilities. As the City of Atlanta works on updating its impact fee study, we respectfully request that you consider the following preliminary comments.

Implementation

The Council for Quality Growth recommends phasing in the impact fee increase incrementally to match the rate of inflation from 1993 to 2020, which is currently at 77.84%. That would reflect a 25% increase in impact fees per year over at least the next three years, and one additional 25% increase in the fourth year.

In the proposed 2017 impact fee study recommendation, Duncan Associates proposed increased impact fee rates ranging from 2.5 to almost 6 times higher than the rate of inflation from 1993 to 2020 (see examples below):

Single-family residential increases:

- A. Northside: currently \$1,544; proposed \$5,967 (increase of 286%)
- B. Southside: currently \$1,380; proposed \$5,765 (increase of 318%)
- C. Westside: currently \$1,380; proposed \$6,760 (increase of 390%)

Multi-family residential increases:

- A. Northside: currently \$857; proposed \$3,524 (increase of 311%)
- B. Southside: currently \$743; proposed \$3,387 (increase of 356%)
- C. Westside: currently \$743; proposed \$4,062 (increase of 447%)



Retail/Commercial

- A. Northside: currently \$2,144; proposed \$6,309 (increase of 194%)
- B. Southside: currently \$1,910; proposed \$6,097 (increase of 219%)
- C. Westside: currently \$1,910; proposed \$7,145 (increase of 274%)¹

Grandfather Clause: Vesting Schedule

With the adoption of any new impact fee legislation, the City should adopt a reasonable vesting schedule for residential and commercial developers that have already invested in the City but had not accounted for the financial burden of increased impact fee expenses when underwriting for a new or redevelopment project in the City. Our organization suggests that any projects that have been zoned or have filed for a permit with the Office of Planning and Zoning (i.e. building permit, SAP, LDP, etc.) within the prior 12 months or have filed for rezoning before the adoption date of the impact fees be vested under the City's current impact fee structure.

Housing Affordability

The Council for Quality Growth supports Atlanta's efforts to mitigate the affordable housing crisis and the increased demand for housing. Local regulations such as impact fees, tree protection ordinances, stormwater fees, residential design standards all contribute to the increased cost of construction, making it financially infeasible to build affordable housing developments and consequently decrease the supply of housing.

Also, although developers front the money for the impact fees, like any other input cost, these costs plus administrative cost such as interest get passed through to consumers and businesses that decide to locate within the City. Residential and commercial developers have no other choice but to pass this cost along to end consumers. First-time buyers and renters bear most of the financial burden of impact fees through higher prices and rents. Low-and moderate-income buyers cannot afford increased fees, and often there is no substitute for housing. Increased impact fees may drive interest outside the City and keep escalating real estate prices.

If the new impact fee structure skyrockets housing prices, this would be counterintuitive to accomplishing the goal outline in the One Atlanta's Housing Affordability Action Plan-to create and preserve 20,000 affordable homes by 2026. Ultimately, this may appear to be a short-term win but is a long-term loss for the City. Furthermore, it will decrease housing supply in a City with immense demand from population growth.

The City should waive impact fees for development projects that reflect [Atlanta's Design Center's](#) core values of Equity, Access, Nature, Ambition, and Progress.

There should be impact fee waivers for:

- 1) Development projects within proximity to a transit station.
- 2) Development projects that create 1 public greenspace (i.e public park)
- 3) Development projects within planned growth corridors

The Council for Quality Growth supports the City of Atlanta's state legislation: [Senate Bill 322](#), which would provide local governments more autonomy and flexibility to waive impact fees for affordable housing developments.

2017 Impact Fee Study Recommendations

The Council for Quality Growth supports the following recommendations in Duncan Associates' 2017 impact fee study recommendation.

- A. Sliding scale: The City should adopt a sliding scale for impact fees on residential, office, and commercial buildings based upon ranges of square feet. The City's current impact fee structure for

office and commercial already has a sliding scaled based upon square feet. This structure would encourage more efficient and thereby more affordable residential office and commercial spaces.

- B. Adding collector roads: The transportation impact fee should be extended to included collector roads as well as arterials.

Feedback on Current Impact Fee Structure

- A. Encourage redevelopment: The current impact fee structure encourages redevelopment. If a developer reconstructs, redevelops, or structurally alters an existing building, a developer receives an impact fee credit for the existing use of the property. This credit provides substantial cost savings. The Council for Quality Growth advocates for the continuation of this impact fee credit.
- B. Timing of impact fee payment: In the City's current impact fee policy, developers must pay impact fees upon receipt of an LDP. Residential developers incur more debt by paying impact fees at this earlier phase than paying the fees upon receiving a building permit. The impact fee policy should be adjusted to allow developers to pay impact fees upon receiving a building permit.
- C. Annual reporting: The City should provide an annual report on impact fee expenditures to the public. Currently, the City does not have a transparent and consistent procedure of reporting impact fee expenditures. The reports should indicate:
- Amount of funds spent each year
 - Amount of funds allocated for a designated project
 - Amount of funds encumbered for a selected project
 - The location where the funds are being spent in proximity to projects where the funds are collected
 - According to [OCGA 36-71-9](#), if a municipality has not encumbered the development impact fee or commence construction within six years after the date that the fee was collected, the municipality must refund the development impact fee. The annual report should provide the amount of fees refunded or failed to encumber the development impact fee or commence six years after the date the fee was collected.

2020 Impact Fee Study Recommendation

This is the Council for Quality Growth's preliminary comments regarding the City of Atlanta's impact fee update. It is our understanding that Duncan Associates will be presenting a 2020 impact fee study recommendation to the Development Advisory Impact Fee Committee. On behalf of our members, the Council for Quality Growth requests an opportunity to provide comments on the 2020 impact fee study before the Development Impact Fee Advisory Committee makes a final recommendation to City Council.

The Council for Quality Growth stands ready to serve as a resource to the City to incorporate a revised impact fee structure that does not infringe on quality development within the City of Atlanta.

Sincerely,

Michael E. Paris



President & CEO
Council for Quality Growth

Kimberly Steele



Policy Analyst
Council for Quality Growth

ⁱ Table 2. Detailed Impact Fee Summary, Atlanta Impact Fee Study, Duncan Associates, July 2017