



Development Impact Fees Study and Ordinance Update

Community Development and Human Services Committee
Second Quarter Public Hearing

June 22, 2020



Agenda



Background on the Impact Fee Program



2020 Impact Fee Update



2020 Survey Results



Next steps



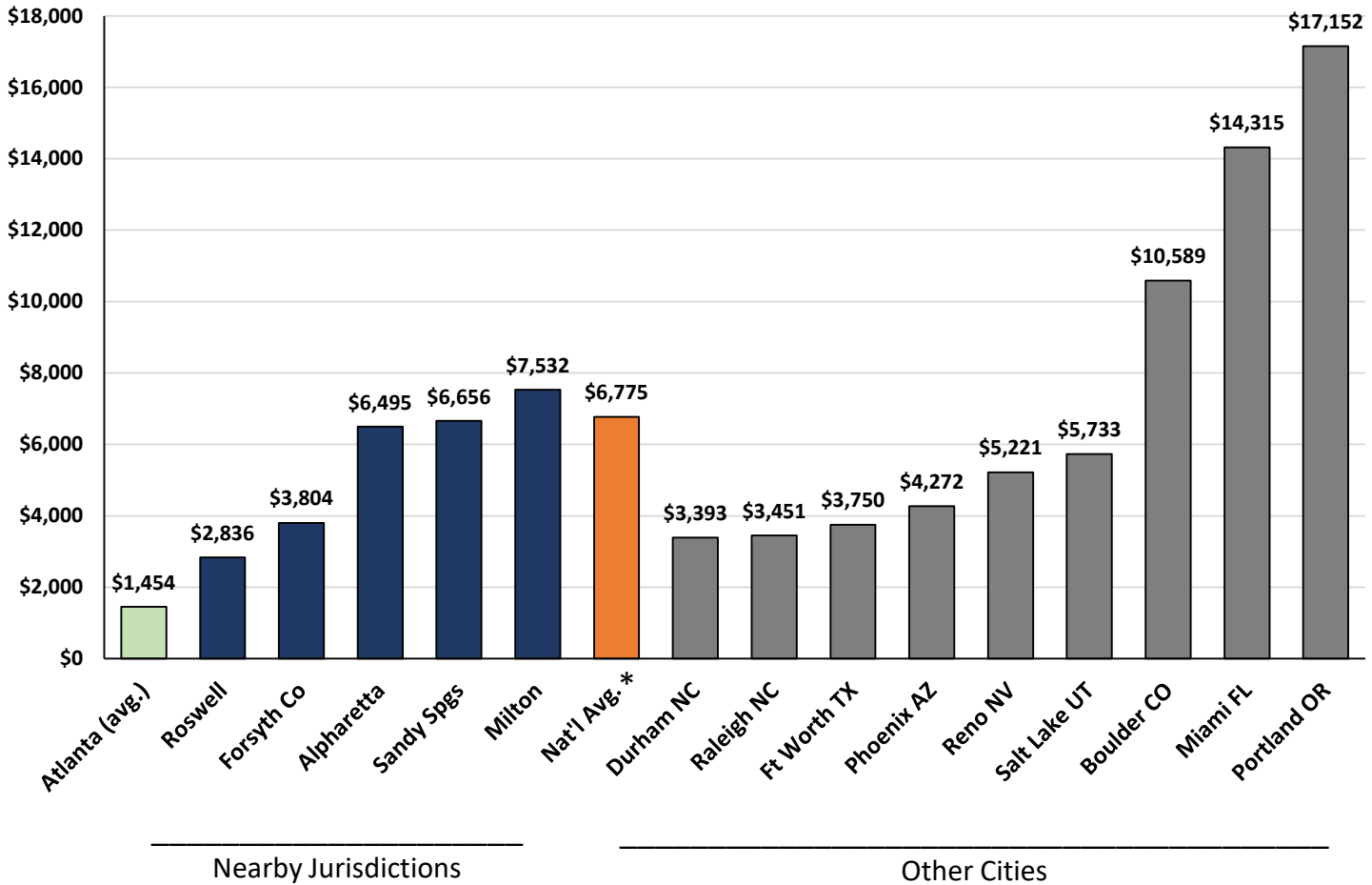
What is an Impact Fee Program for?

- New development creates a demand for additional transportation, public safety, and recreational facilities
- Impact fee: one-time fee imposed by a local government on a new or proposed development project to pay for all or a portion of the costs of providing public services to the new development
 - Helps to relieve taxpayers from the burden of developmental cost
 - Can only be used on improvements that expand system capacity, not maintenance of existing infrastructure



Atlanta's Fees Have Not Changed in More than 25 Years and Are Well Below Peers

Average Total Non-Utility¹ Impact Fee per Single-family Unit



1 Excludes water and wastewater fees
Source: Duncan Associates

* w/o CA



In 2019, the Development Impact Fee Advisory Committee was Re-established

■ Reconstituted in Summer 2019 following Ordinance 18-O-1764

- Five-member committee
- Fifty percent of membership from development, building or real estate industries
- Serve in an advisory capacity to assist and advise the governing authority of the municipality with regard to the adoption of a development impact fee ordinance
- Report on any perceived inequities in the expenditure of transportation impact fees

■ Members

- Malloy Peterson, Sr. Vice President, Selig Development Co. (Chair)
- Roderick Teachey, Sr. Vice President, Wingate Companies
- Kevin Green, President & CEO, Midtown Alliance
- Stacey McCoy, Finance Manager, Scicom Infrastructure Services
- Jim Brown, President, Homebuilders Association of Georgia



Preliminary Recommendations from 2020 Fee Study Fall into Three Categories



Fee Levels

Updating the assumptions and methodology to calculate impact fees based on present conditions



Policy

Updating policies and regulations dictating collection and expenditure of fees to improve program outcomes



Program Administration

Updating processes, systems, and structures used by the City to more effectively manage and allocate the impact fee program



Preliminary Recommendations from 2020 Fee Study Fall into One of Three Categories

Fee Levels



- Fee levels are outdated and based on 1993 land use, costs, and scope
 - Land use types are updated to reflect current types in the City
 - Transportation service area is reduced from Citywide to three smaller service areas aligned with Park service areas
 - Fee levels are uniform across the city based on the lowest service area fee for Parks and Transportation
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Policy



- Scope of improvements funds can be spent on are further expanded upon to meet the requirements of a densifying city
 - Parks scope enables spend on improvements, multi-use trails
 - Transportation scope enables spend on collectors and building new sidewalk, where permissible under DIFA guidelines
 - Recommends updating affordable housing and economic development language to better scope exemptions to current policies
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Program Admin



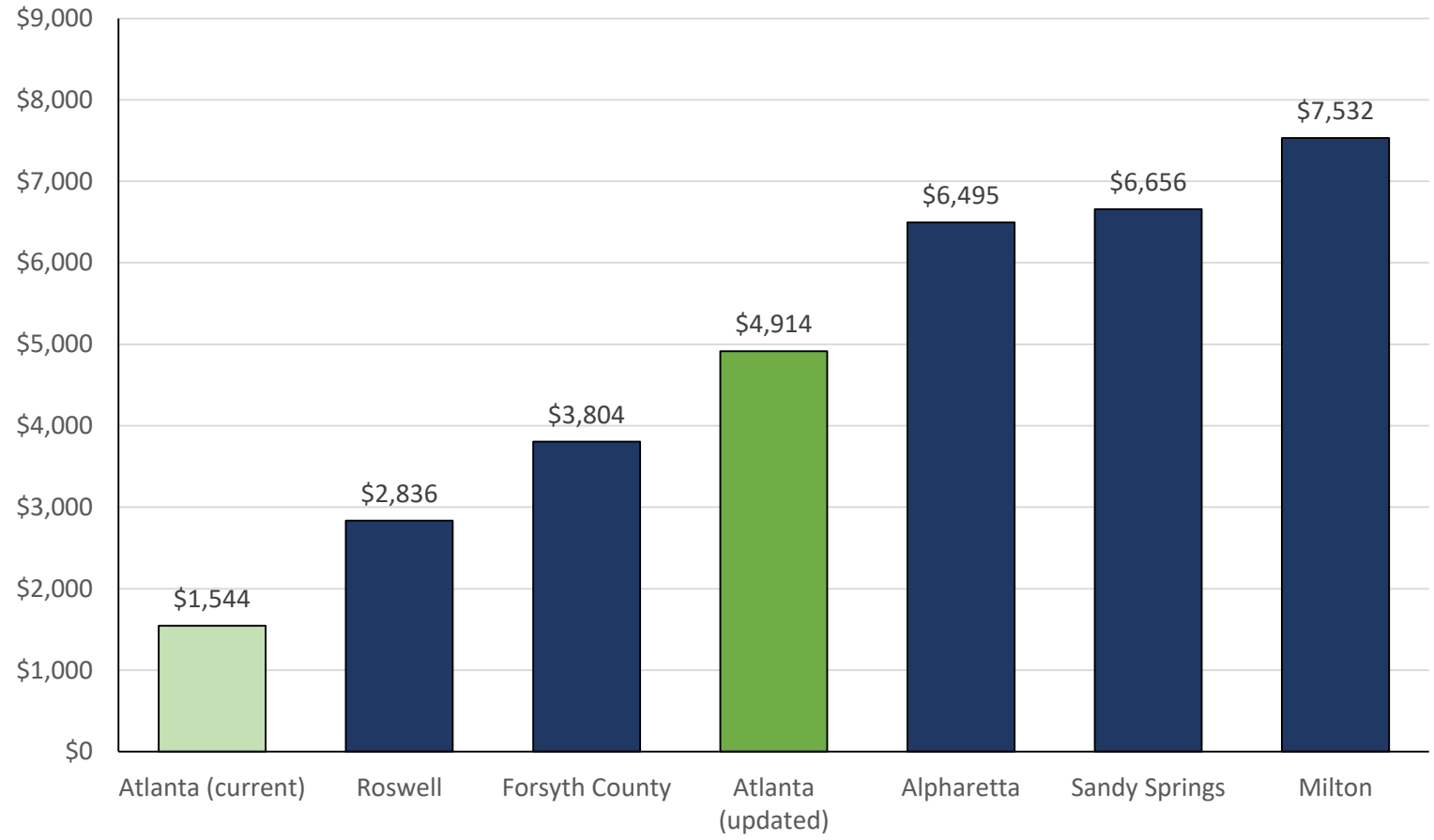
- Improve program transparency with expanded annual public reporting
- Improve project delivery for transportation projects through more timely expenditure of funds



Preliminary Fee Levels in 2020 Impact Fee Study: Single-Family Detached Example



Fee Levels: Single Family Detached – Per Unit





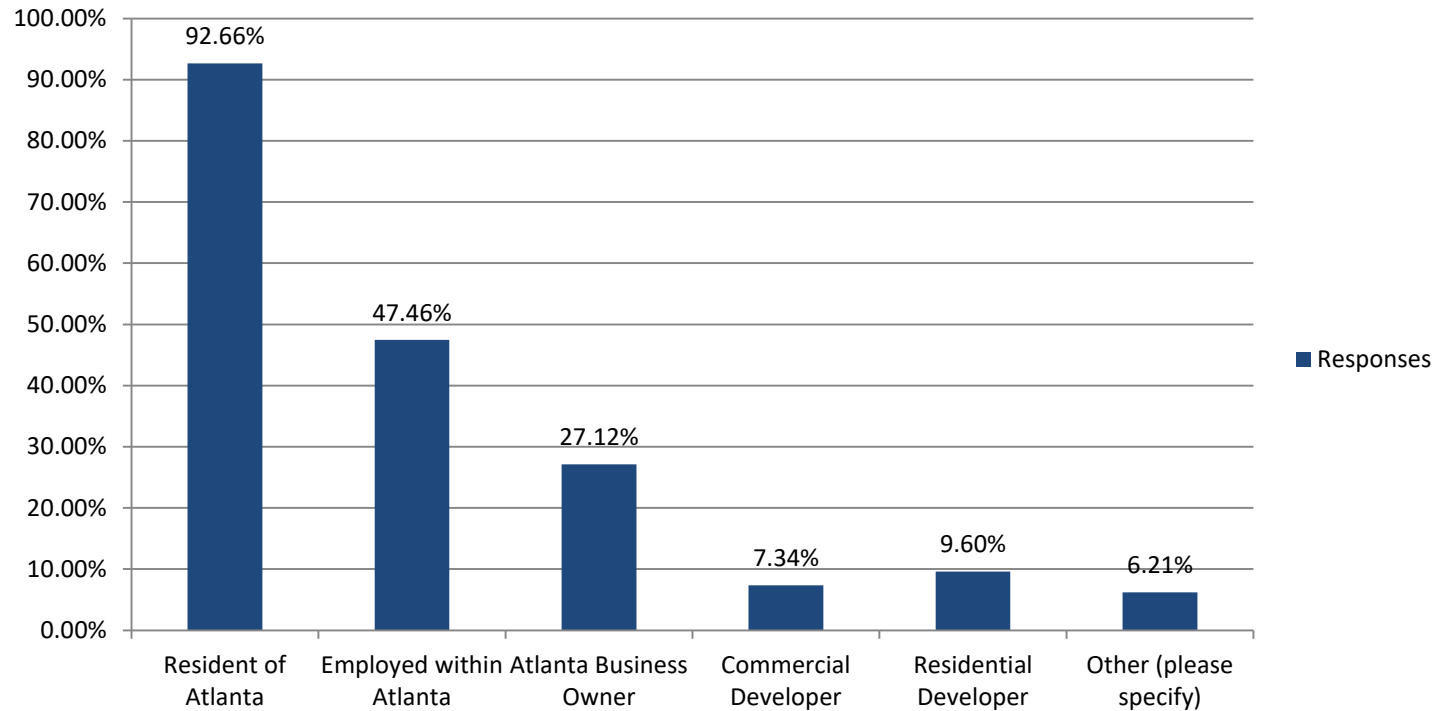
Several Areas Require Further Discussion and Finalization

- 1 Timeline for adopting a new fee study and associated ordinance
- 2 Potential phasing or percentage adoption of recommended fee levels
- 3 Determine guidelines for “grandfathered” developments already in progress
- 4 Select preferred single-family fee structure option
- 5 Develop reporting structure to improve transparency on proximity
- 6 Finalize affordability and economic development language in ordinance



As Part of this Effort, We Conducted a Survey Based on the 2020 Fee Study Recommendations

177 Responses to the 2020 Fee Study Recommendations Survey



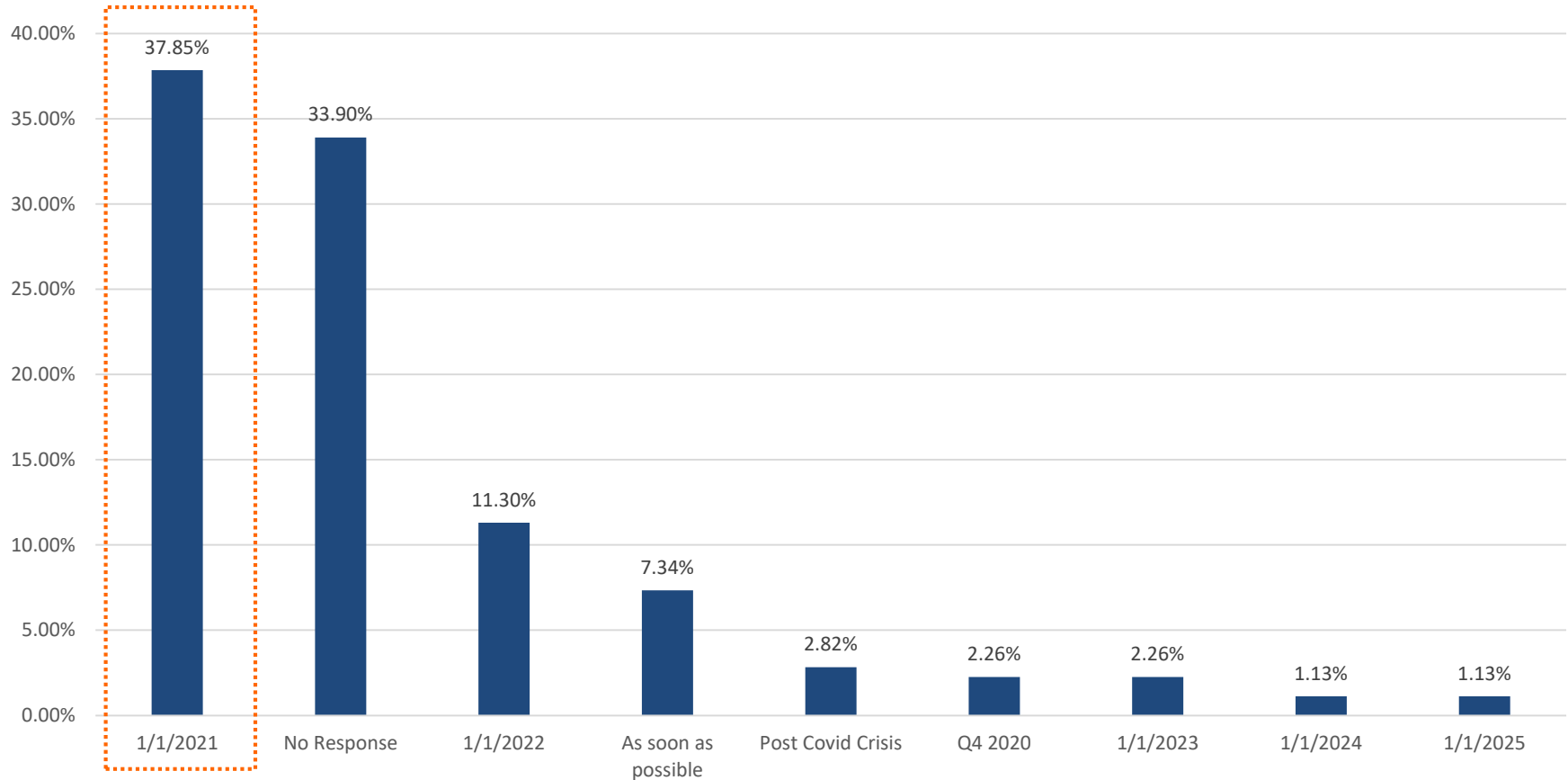
****Methodology:** The survey was created online via “surveymonkey.com”. The survey availability was promoted to the public (residents, business owners, and commercial developers) via Impact Fee Update web page, social media outlets, and direct email.



Question 1. What is your preferred timeline to implement any fee changes associated with development impact fees?

■ Beginning first fee increases January 1, 2021.

□ Staff recommendation




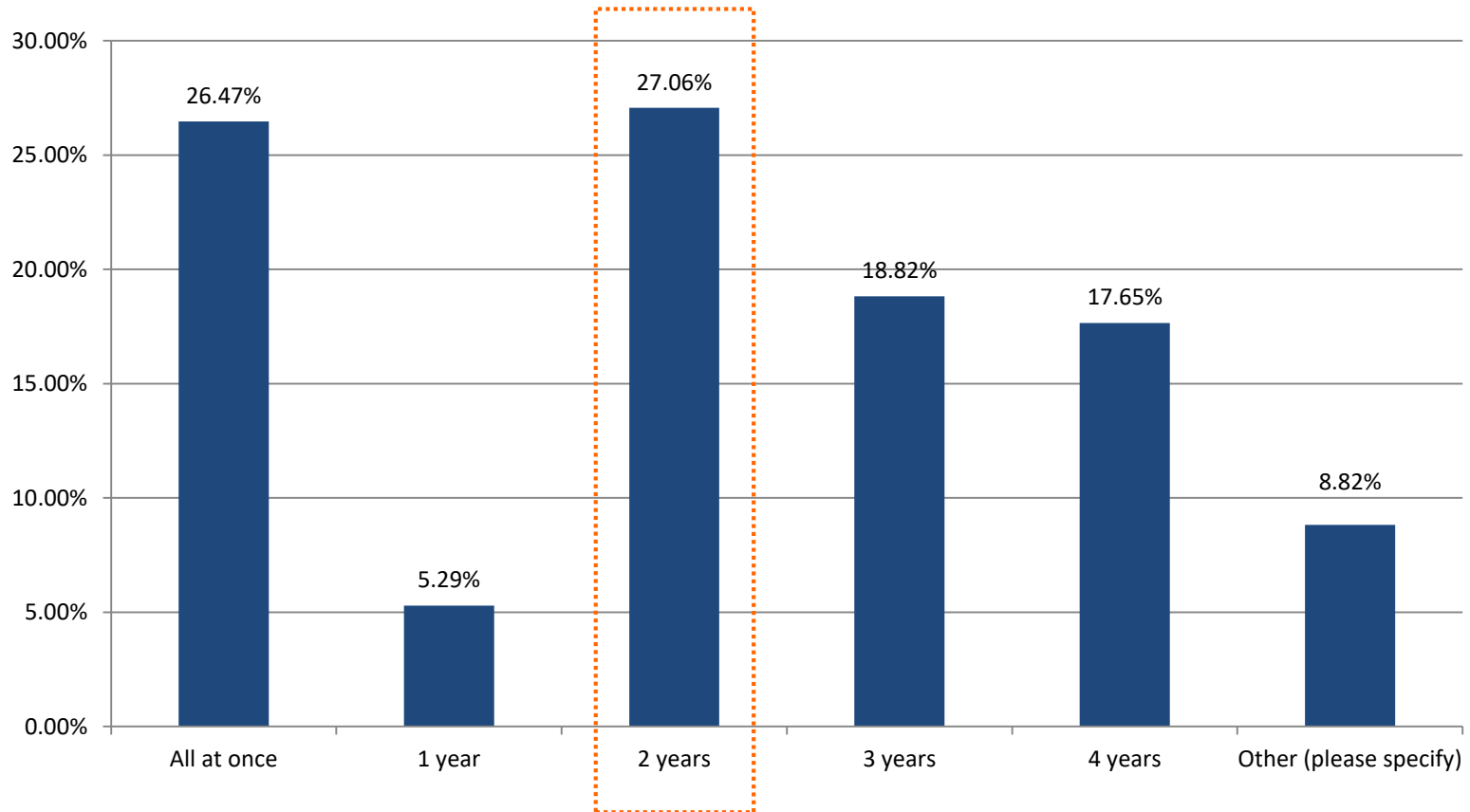
**Answered: 129 Skipped: 48



Question 2. What is your preferred time period to phase in 100% of the adopted fee levels for development impact fees?

- Phasing over two years, with three increases over that time. First increase January 2021, second January 2022, final increase January 2023.

 Staff recommendation




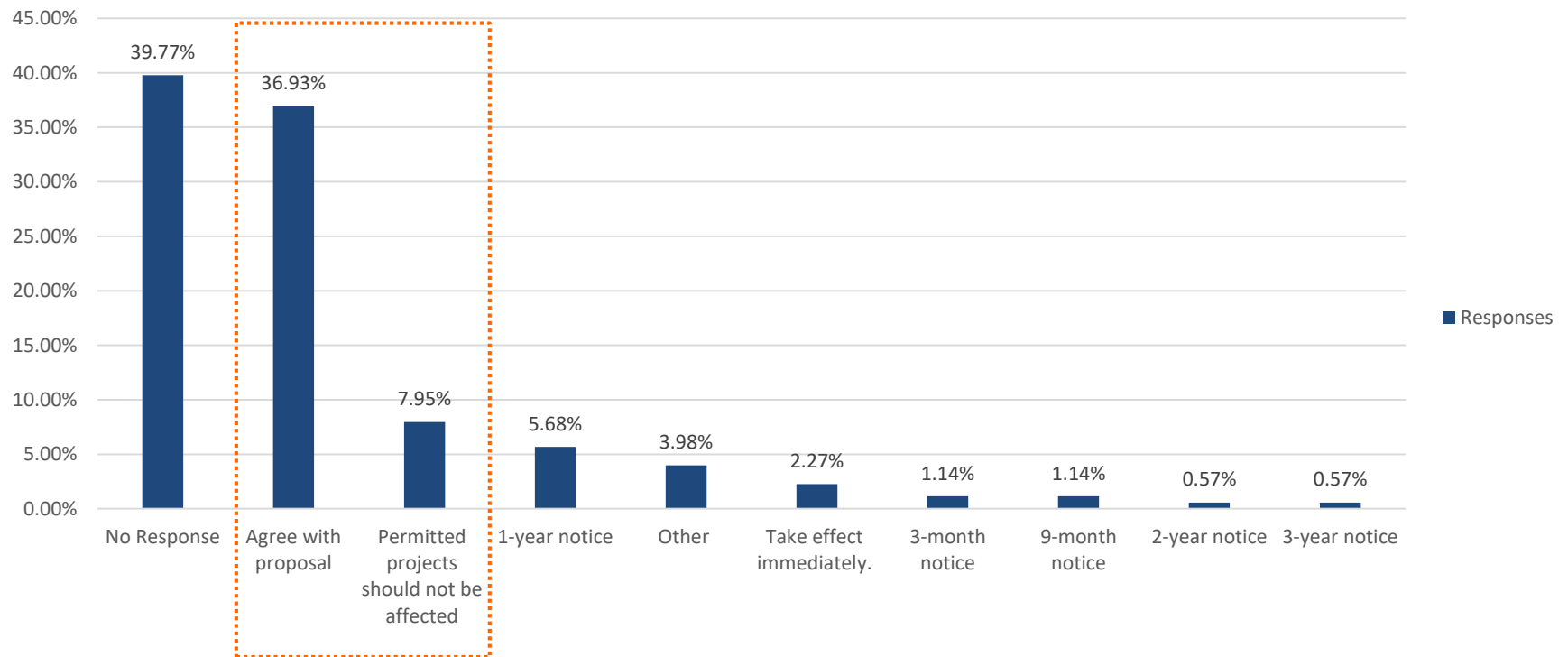
**Answered: 170 Skipped: 7



Question 3. How should we deal with near-term projects in progress that may be financially impacted by rate changes?

- The City of Atlanta will give 6-months notice prior to the first fee increase so there will be no need to develop special guidelines for near term projects in progress.

 Staff recommendation



Sample of responses marked as "Other"


- "Offer a reduced fee or propose a payment structure. A lot of times a 6 month notice on a project that's been in the works for years does not help, only hurts"
- "Small business exemption, big business pay immediately "

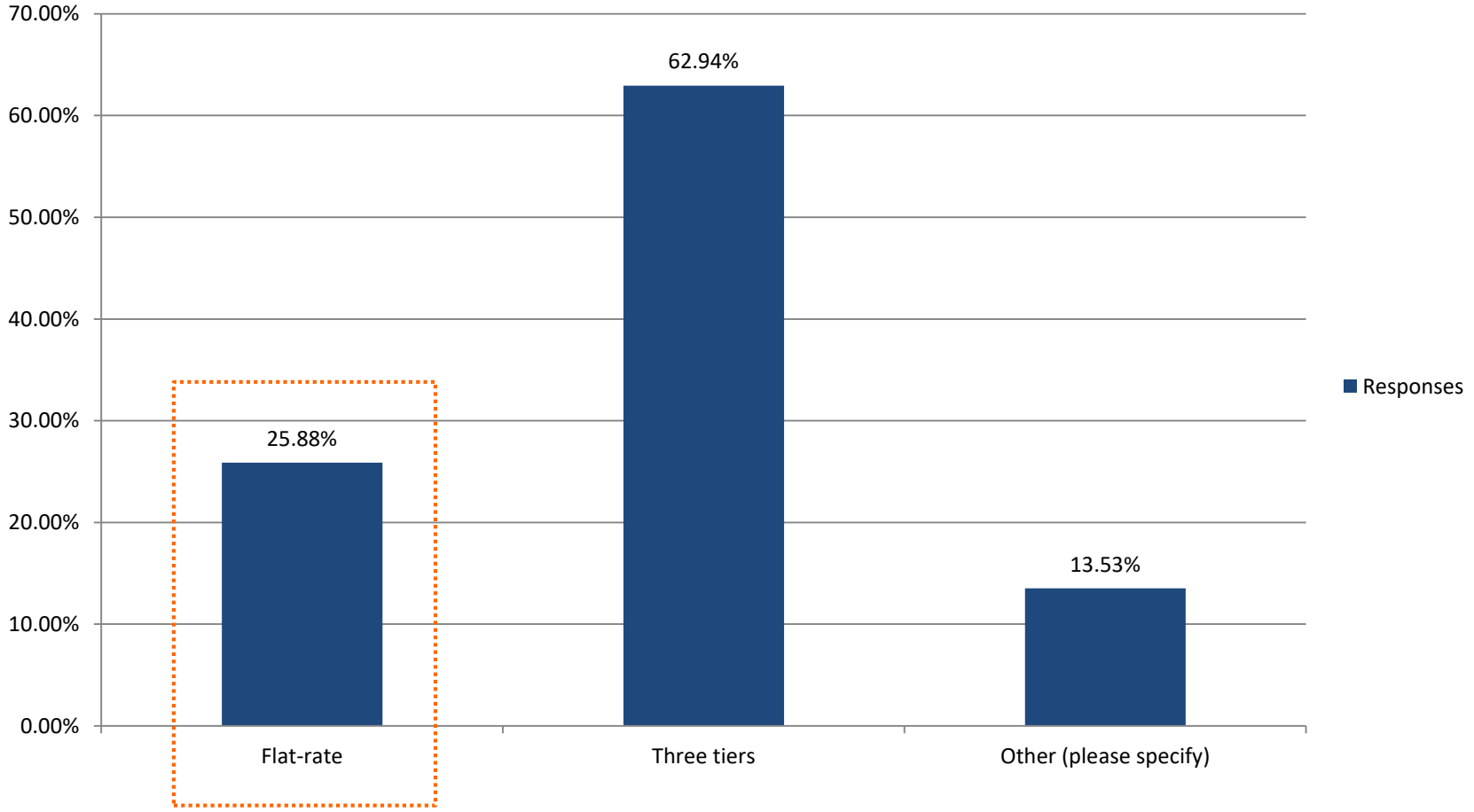
**Answered: 112 Skipped: 65



Question 4. What is your preferred single-family home (SFH) rate structure (i.e., rates based on square footage or single flat rate for all SFH)?

- Single flat rate structure for all single-family home development, rather than rates based on square footage.

 Staff recommendation




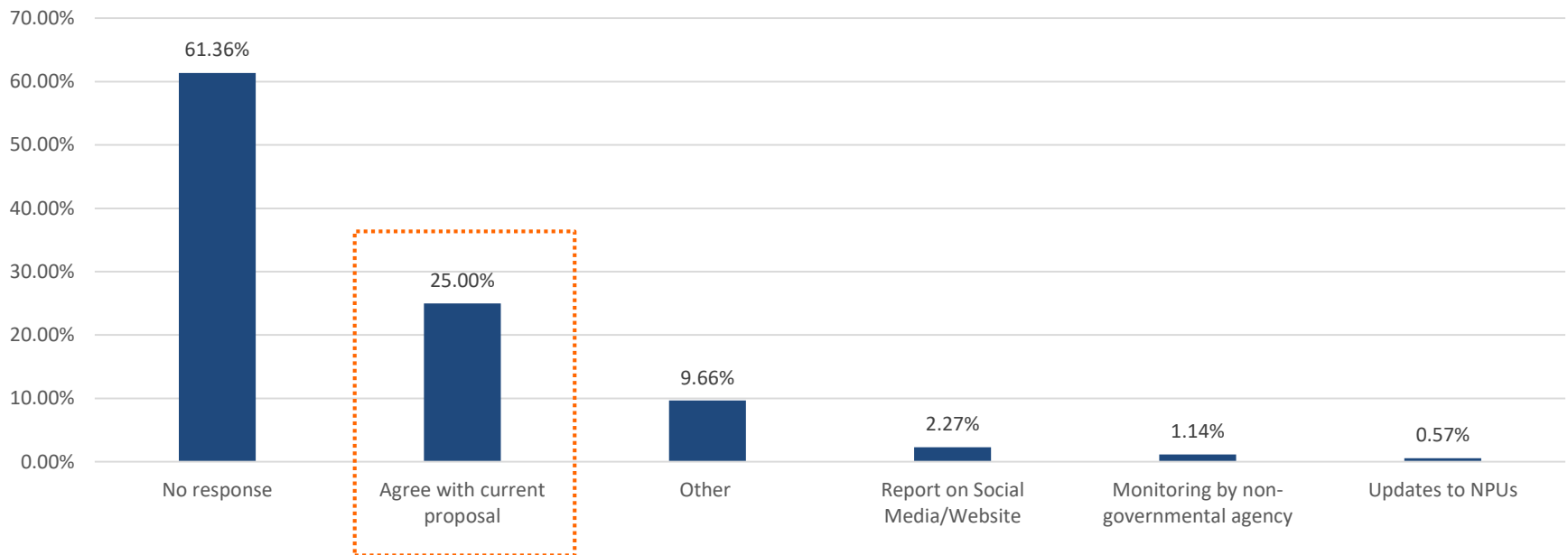
**Answered: 170 Skipped: 7



Question 5. What suggestions do you have for annual reporting to improve transparency of the program?

- Formalize spatial analysis conducted in FY20 into an annual report shared with Council and the public. Use three service areas for transportation and parks to conduct analysis. Analyze distribution within each service area to better understand the relationship between where funds are collected and where they are spent (proximity) as an administrative measure to inform the list of eligible capital projects to be funded with impact fees over the next 5 years.

 Staff recommendation




* The majority of responses marked as "Other" were related to recommendations for how impact fees should be allocated.

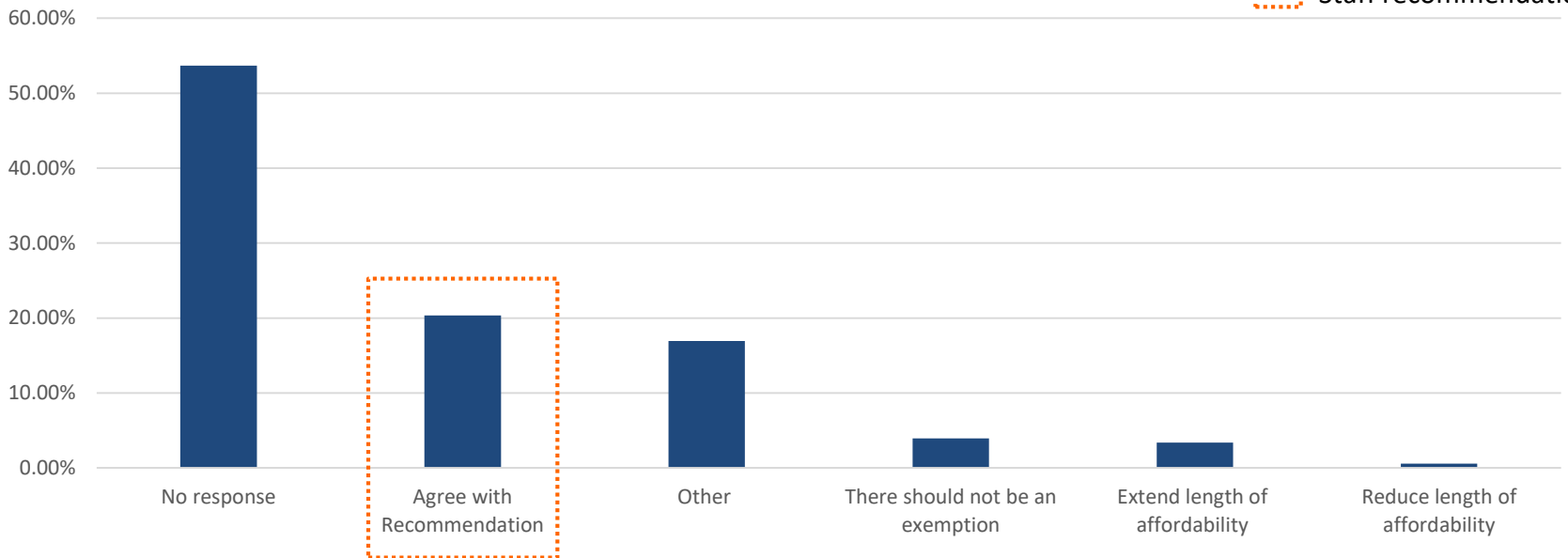
**Answered: 78 Skipped: 99



Question 6. What changes would you recommend to the preliminary affordable housing exemption language?

- For Rental Development affordable housing exemptions align with IZ requirements: +15% of units, 80% AMI+ 10% of units, 60% AMI For Sale Development affordable housing exemptions are on a sliding scale from 120% AMI based on IA home sale affordability standards: +120% AMI, 50% exemption+ 100% AMI, 75% exemption +80% AMI or below, 100% exemption. All developments must be affordable for 20 years.

 Staff recommendation




Sample of responses marked as "Other"

- “Rental and for sale both need higher allocation of units AND lower AMI percentages. Your proposals don’t go far enough to ensure affordable housing, which will negatively impact our essential workers that we need to live in the city.”
 - “Add in an additional middle-class bracket of affordable housing for families up to 125,000 a year. This would be an additional and required alongside the other bracket.”
- affordability period is not only very difficult to implement but can actually make it harder for LMI people who purchase to build wealth. Use AMI based on neighborhood or zip code if possible. “

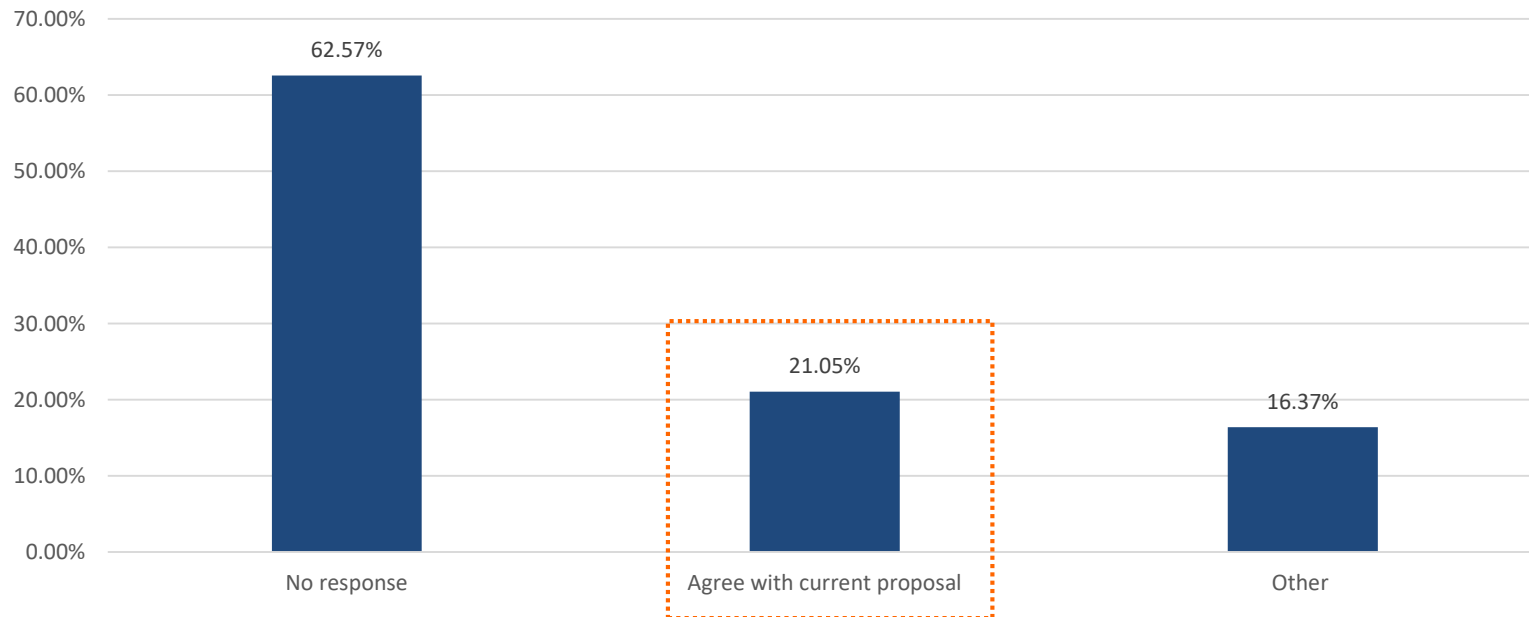
****Answered: 91 Skipped: 86**



Question 7. What changes would you recommend to the preliminary economic development exemption language?

 Staff recommendation

- Project must meet the goals and objectives of the 2020 Economic Development and Economic Mobility Strategy: + Middle-wage jobs, Southside/Westside - Retention, expansion or location of a business within the city's southside or westside that create at least 50 or more middle-wage FTEs (\$38,000 - \$80,000 average annual salary) + Middle-wage jobs, Citywide - Retention, expansion or location of a business outside of the city's southside or westside that create at least 200 or more middle-wage FTEs + Major Project, citywide - Retention, expansion or location of a business anywhere in the City of Atlanta that creates at least 500 jobs and/or at least \$10,000,000 in capital investment .



Majority of responses marked as “Other” were related to job creation and retention.

**Answered: 75 Skipped: 102



Question 8. Do you have any feedback/edits we should consider during the update?

■ Reoccurring Themes:

- It's about time!
- A deeper dive into affordable housing
- Consider exemptions for sustainable design
- More education about the program and methodology needed

■ Sample Responses:

- "Eradicate all discriminatory housing policies in our region and state that impacts economic resilience in our communities."
- "This is long overdue and should be passed as soon as reasonably possible."
- "Glad to see this being updated!"
- "Any incentive for green infrastructure? i.e., if business uses solar panels?"
- "Some level of exemption for instituting sustainable design and construction practices would encourage lower-impact (environmentally) development."
- "I think a clearer explanation of what municipal costs the Impact fees are intended to fund would be helpful."

**Answered: 78 Skipped: 99



By July, We are Targeting a Resolution to Send the Updated Fee Study to DCA for Approval

Date	Next Steps
6/22	Study Update Public Hearing - CDHS
7/15	Send updated study to DCA for review / comment / approval
September	Study Ordinance - CDHS
October	Study Ordinance - Full Council



Questions

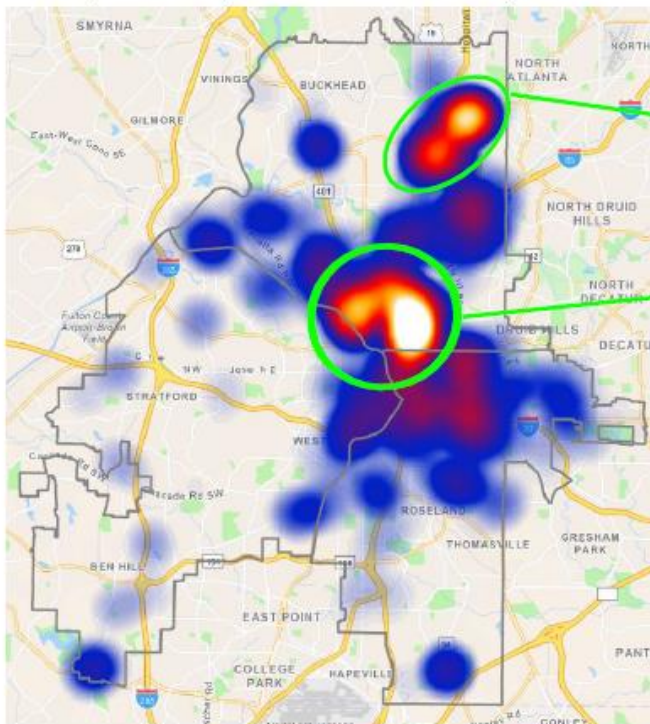




APPENDIX: Spatial Analysis

EXAMPLE FOR PRESENTATION: Spatial analysis conducted for DIFAC

Development Impact Fee Collections (2014-2019)

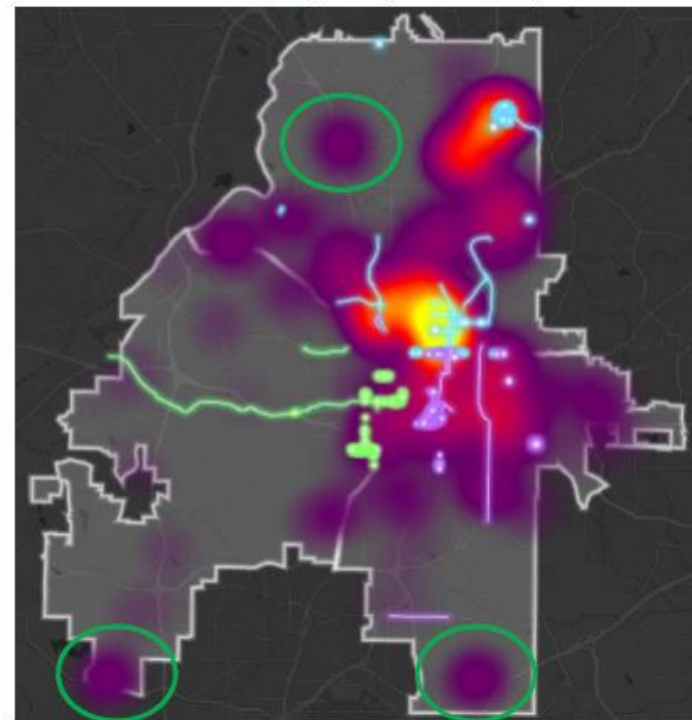


Buckhead:
~\$3.2 Million
(15% total collections)

Urban Core:
~\$7.9 Million
(36% total collections)

Less Collected More Collected

Collections and CIE projects (2014-2019)





APPENDIX: Park and Transportation Service Areas

