



Update on Development Impact Fees

Report to Community Development and Human Services
Atlanta City Council

November 12, 2019



Agenda



Background on the Impact Fee Program



Financial Summary of the Program



Charting the Path Forward



What is an Impact Fee Program for?

- New development creates a demand for additional roads, public facilities, 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



When was the Impact Fee Program Established?

- City of Atlanta Development Impact Fee Ordinance was adopted by the Atlanta City Council on March 18, 1993
- GA Development Impact Fee Act requires that the City of Atlanta adopt a Capital Improvements Element (CIE) to collect impact fees
- Capital Improvements Element (CIE) is a component of the Comprehensive Development Plan (CDP), which:
 - Guides growth and development of the City of Atlanta over next twenty years
 - Required by state (Georgia Planning Act of 1989) and local law (Charter of the City of Atlanta (Section 3-601))
 - Enables City to access financial resources to support CDP implementation as a Qualified Local Government (QLG)



What are the required annual updates and reporting?

- CIE has two components:

- 1 Annual Financial Report

- Provides an overview of impact fees collected, encumbered and used by category of public facility and service area for the last completed fiscal year

- 2 Schedule of Improvements

- List of all eligible capital projects to be financed with impact fees over the next 5 years
 - Fee Types: Transportation, Fire, Police and Parks

- CIE must be reviewed by the Atlanta Regional Commission (ARC) and the GA Department of Community Affairs (DCA)

- City of Atlanta CIE plan must be adopted by October 31, annually

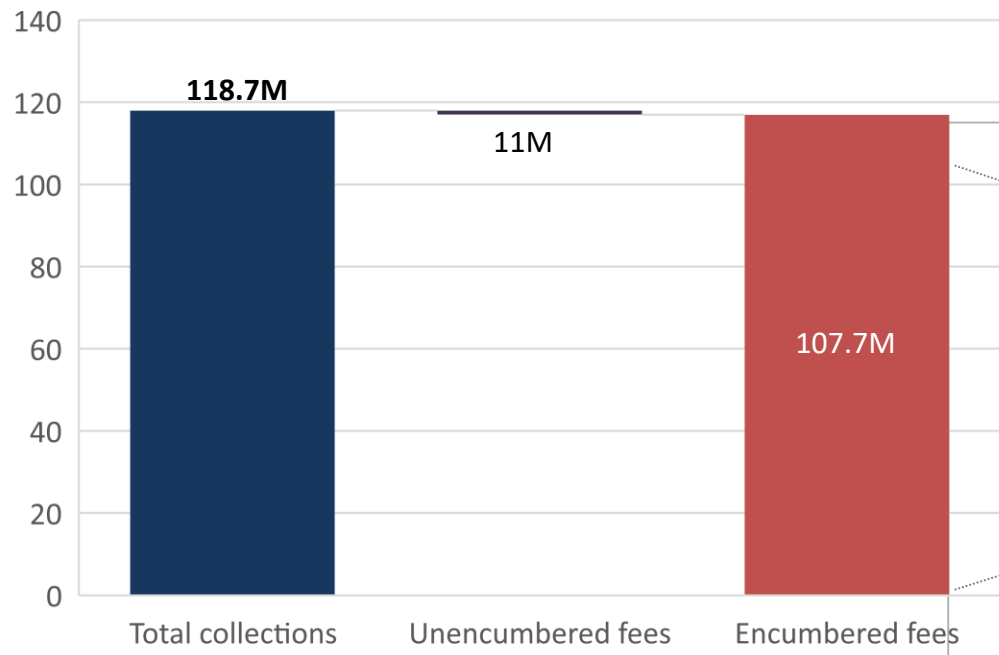


Total impact fee collections since 1994

- Since 1994, \$118.7M has been collected in impact fees
- Of the fees collected, \$107.7M (91%) have been encumbered
- Of the fees encumbered, \$77.7M (72%) have been expended

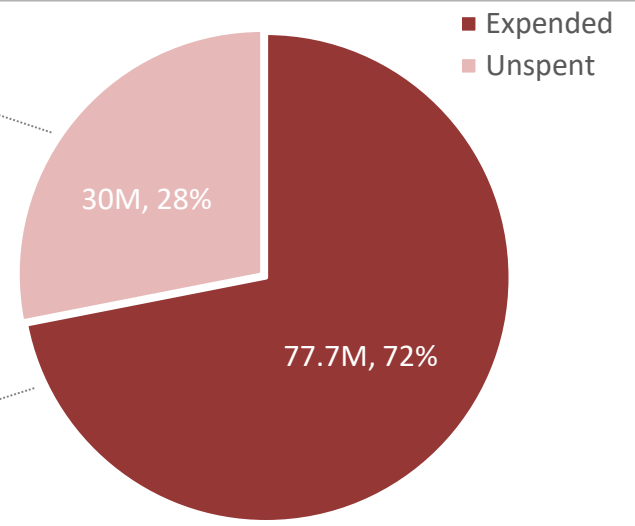
Impact fee collections since 1994

USD Millions



Breakdown of encumbered fees

USD Millions, %





Program Financial Summary for Last Five-Year Period

Impact Fee Gross Collections & Expenditures Five Year Period							
Public Facility Type	Transportation	Police	Fire	Parks North	Parks South	Parks West	Total
Service Area	City-wide	City-wide	City-wide	North Parks Area	South Parks Area	West Parks Area	
GROSS COLLECTIONS:							
Collections in FYE 2015	3,405,920	235,183	716,776	1,881,019	303,105	35,955	6,577,958
Collections in FYE 2016	3,519,369	160,953	554,031	1,329,924	224,202	84,681	5,873,160
Collections in FYE 2017	5,385,221	215,373	746,172	1,775,777	431,296	92,759	8,646,598
Collections in FYE 2018	3,699,018	206,986	718,994	1,223,923	596,530	113,821	6,559,272
Collections in FYE 2019 Preliminary	4,841,980	174,359	602,126	1,349,855	259,593	163,814	7,391,727
Total Gross Collections FYE 2015 - FYE 2019	\$ 20,851,508	\$ 992,854	\$ 3,338,099	\$ 7,560,498	\$ 1,814,726	\$ 491,030	\$ 35,048,715
PROJECT EXPENDITURES:							
Expenditures in FYE 2015	(841,889)	-	(81,698)	(1,014,431)	(48,923)	-	(1,986,941)
Expenditures in FYE 2016	(459,168)	-	(608,832)	(13,571)	-	-	(1,081,571)
Expenditures in FYE 2017	(775,963)	(426,243)	-	(2,197,732)	-	(143,313)	(3,543,251)
Expenditures in FYE 2018	(2,785,971)	(406,614)	-	(5,624,130)	-	(311,811)	(9,128,526)
Expenditures in FYE 2019 Preliminary	(1,414,647)	(26,299)	(73,352)	(698,992)	(136,392)	(451,313)	(2,800,995)
Total Project Expenditures FYE 2015 - FYE 2019	\$ (6,277,638)	\$ (859,157)	\$ (763,882)	\$ (9,548,856)	\$ (185,314)	\$ (906,437)	\$ (18,541,284)

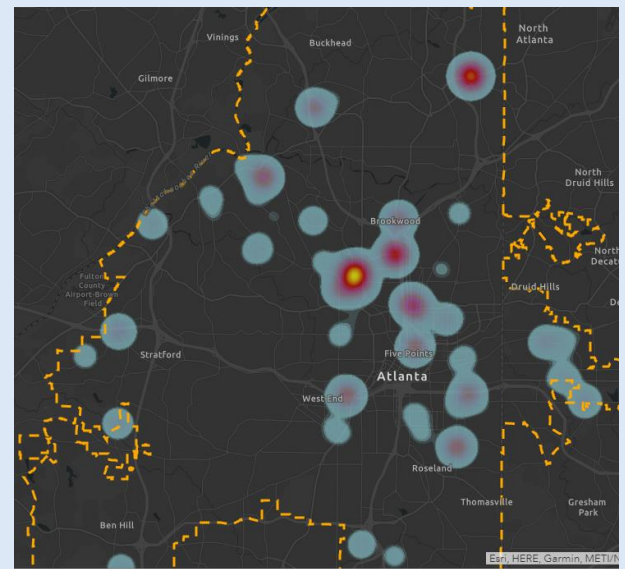
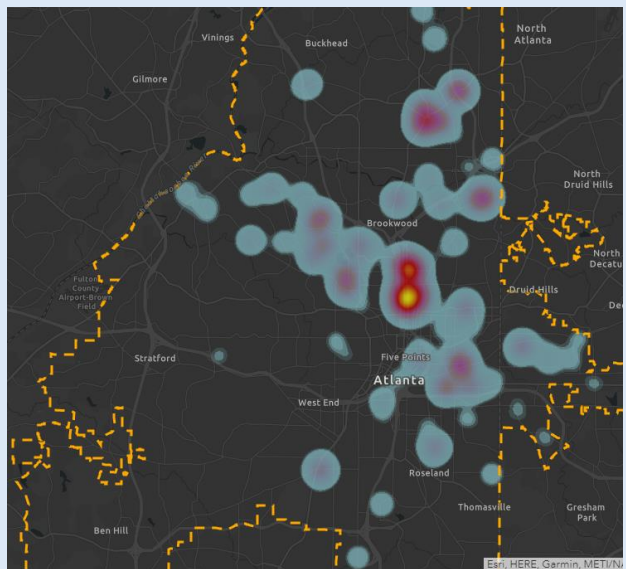
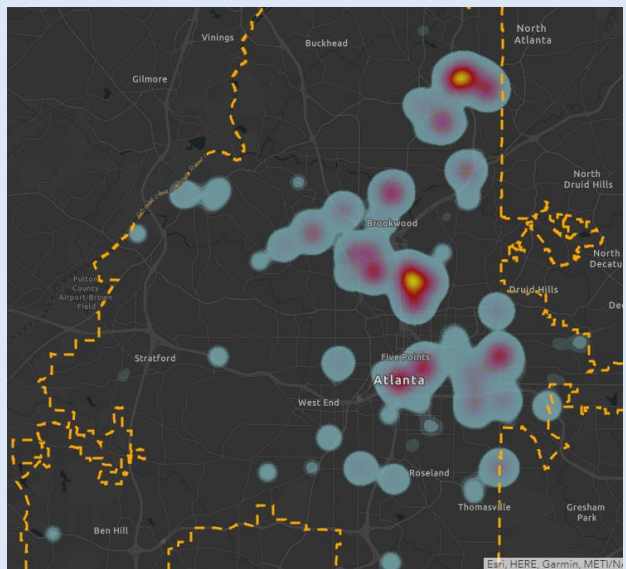


Impact Fee Heat Maps Across Atlanta

2015

2017

2019



\$6.6M

\$8.6M

\$7.4M

Collections over the last five years show areas of development concentration and emerging growth outside of the urban core



Current Impact Fee Fund Balances

Impact Fee Current Balances							
As of June 2019 (Preliminary)							
Public Facility Type	Transportation	Police	Fire	Parks North	Parks South	Parks West	Total
Service Area	City-wide	City-wide	City-wide	North Parks Area	South Parks Area	West Parks Area	
Unencumbered & Available for New Projects **	5,252,595	1,267,796	4,856,568	(397,842)	2,598,888	799,950	14,377,956
Encumbered Remaining Balance - (Restricted by Ordinance)	23,803,600	458,066	872,756	4,238,723	102,919	525,054	30,001,118
Total Impact Fee Fund Balance	\$ 29,056,195	\$ 1,725,863	\$ 5,729,324	\$3,840,880	\$ 2,701,808	\$ 1,325,004	\$44,379,074
							-

**** Includes collections previously encumbered but subsequently released from restriction**



Earlier This Year, the Impact Advisory Committee was Re-established

■ Reconstituted in January 2019 by 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. (Chairperson)
- Kevin Green, President & CEO, Midtown Alliance
- Jim Brown, President, Homebuilders Association of Georgia
- Stacey McCoy, Finance Manager, Scicom Infrastructure Services
- Roderick Teachey, Sr, Vice President, Wingate Companies



Three Meetings and One Working Session Have Occurred To-date

■ Meetings to Date

Date	Purpose/Outcome
June 17	Swearing In/Orientation
August 21	Selection of the Presiding Officer/COA Impact Fee Program Presentation/CIE Process Overview
September 17	Impact Fee Program Methodology Analysis Presentation by Duncan Associates
October 22	Adopt By-Laws/Adopt Sub-committee/Short term Objectives
November 5	Working Session to Develop Preliminary Workplan and Path Forward



Fees Have Not Been Updated Since 1993, But Two Studies Have Been Completed

■ 1993 Fee Study

- Recommended a policy framework and process for program implementation
- Conducted a comparative analysis of impact fees across jurisdictions in GA
- Calculated maximum impact fees that the City may charge for transportation, parks and public safety and proposed a fee structure

■ 2010 Fee Study and 2017 Fee Study

- Evaluated COA's impact fee system and fee structure based on existing levels of service for transportation, park, fire and police facilities
- Recommended procedures to ensure transportation impact fees spent on roads and projects with highest impact on level of service
- Expanded the use of transportation impact fees to include collectors and park impact fees to include land costs
- Recommended exemptions for affordable housing and transit
- Recommended administrative changes to improve overall program management



A Two Phased Effort is Currently Proposed to Updating the Impact Fee Program



Phase I (Short-term)
Updating the program

Now – July 2020

- Evaluating adopting the completed **2017 Development Impact Fee Study with minor edits** to update the program after 26 years
- In parallel, staff is leading an effort to improve program administration and transparency



Phase II (Long-term)
Modernizing the program

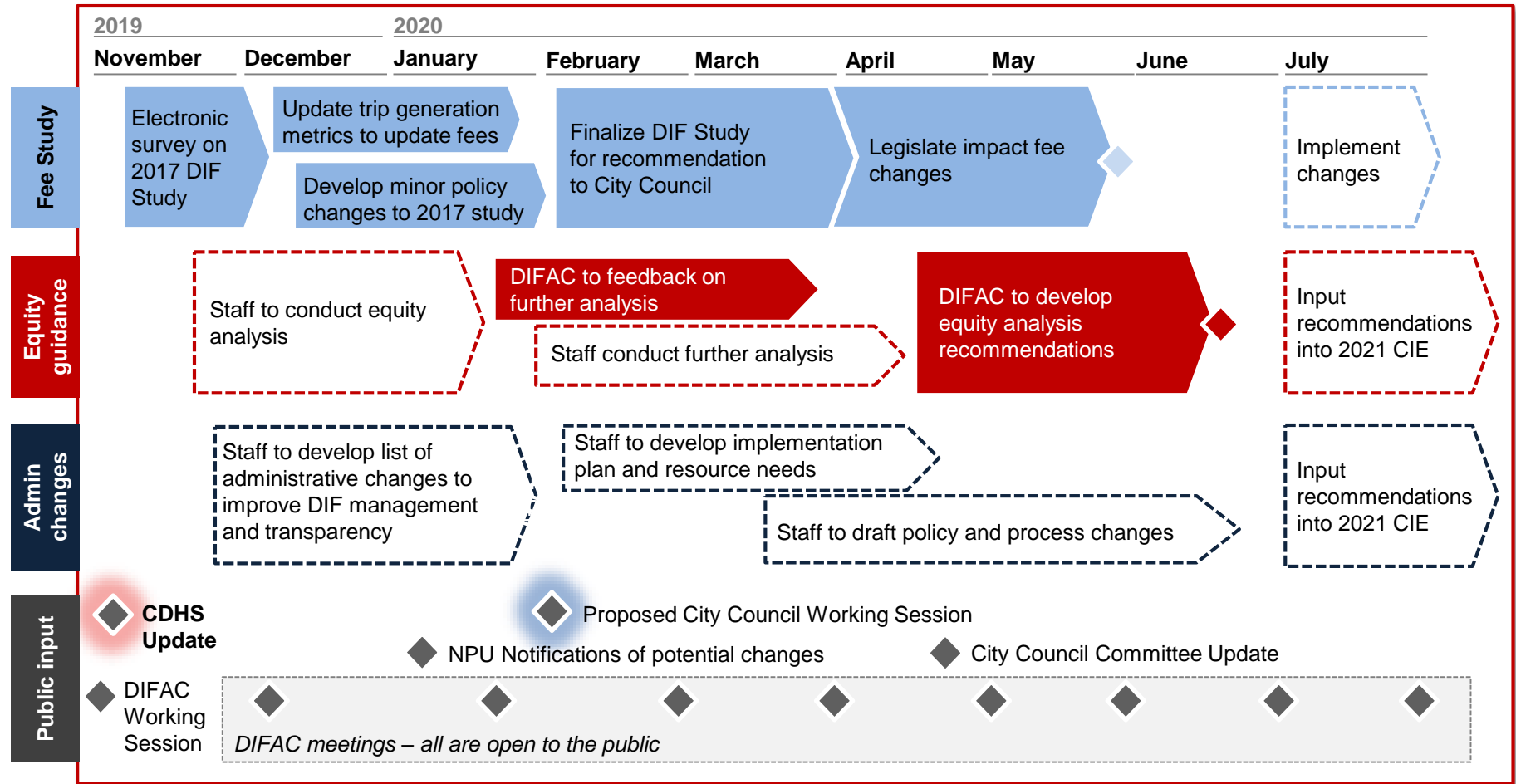
July 2019 – July 2021

- Evaluating a more **holistic modernization of the program** after making management, administration, and fee level updates
- Focus on tackling policy issues tied to the program related to technology, affordable housing, and strategic use of exemptions



Through the end of FY2020, the Committee will Focus on Updates to the 2017 Study

Action Plan/Timeline





Questions

