

Board of County Commissioners

**Orange County Transportation Impact Fees
Demonstrated Need Study**

Public Workshop #2

July 27, 2021

Presentation Outline

- Purpose and Background
- Demonstrated Need Study
- Summary
- Next Steps
- Options for Board Consideration
- Public Comment





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Purpose

- **HB 337 introduced new phase-in requirements for the adoption of increased impact fees**
- **Board suspended previously approved increases for transportation impact fees to provide for:**
 - **Completion of Demonstrated Need Study**
 - **Two publicly noticed workshops discussing “extraordinary circumstances”**
 - **Future public hearing**
- **Workshop # 1 – July 13, 2021**
- **Workshop # 2 – July 27, 2021**



Background – Final HB 337 Provisions

- **Phase-in limitations on impact fee increases:**
 - 0-25% must be done in 2 annual increments
 - 25-50% must be done in 4 equal installments
 - May not increase more than 50%
 - May not increase more than once every 4 years
 - These phase-in limitations are retroactive to January 1, 2021
- **Local governments may exceed phase-in limitations, provided:**
 - Extraordinary circumstances supported by a demonstrated need study
 - Two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need to increase fees above the phase-in limitations
 - Adoption by 2/3 vote of the governing body



Presentation Outline

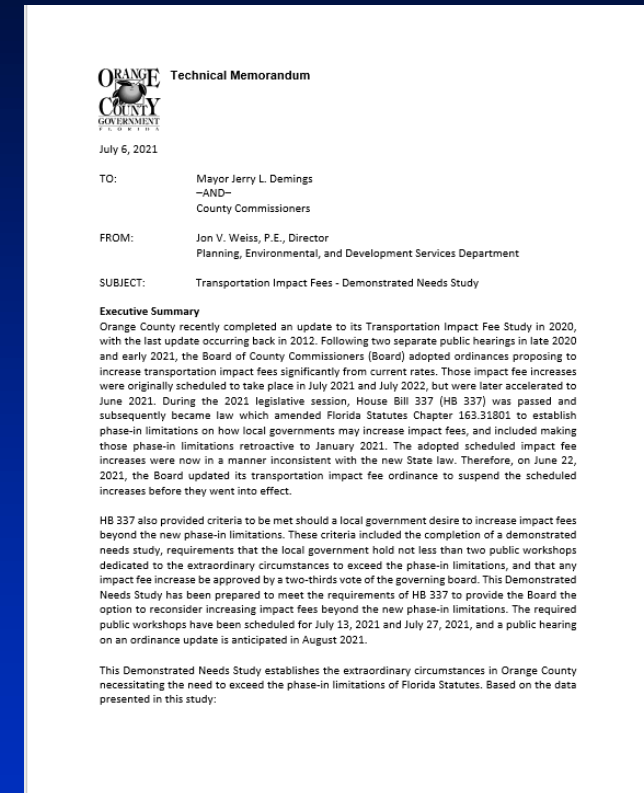
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Demonstrated Needs Study

- Demonstrated Need Study Technical Memorandum dated July 6, 2021
- Completed to meet the requirements of HB 337 – “extraordinary circumstances”
- Organized generally as follows:
 - Demand for Transportation Infrastructure
 - Transportation Network Metrics
 - Increase in Transportation Improvement Costs
 - Need for Impact Fees as a Funding Source
 - Additional Considerations





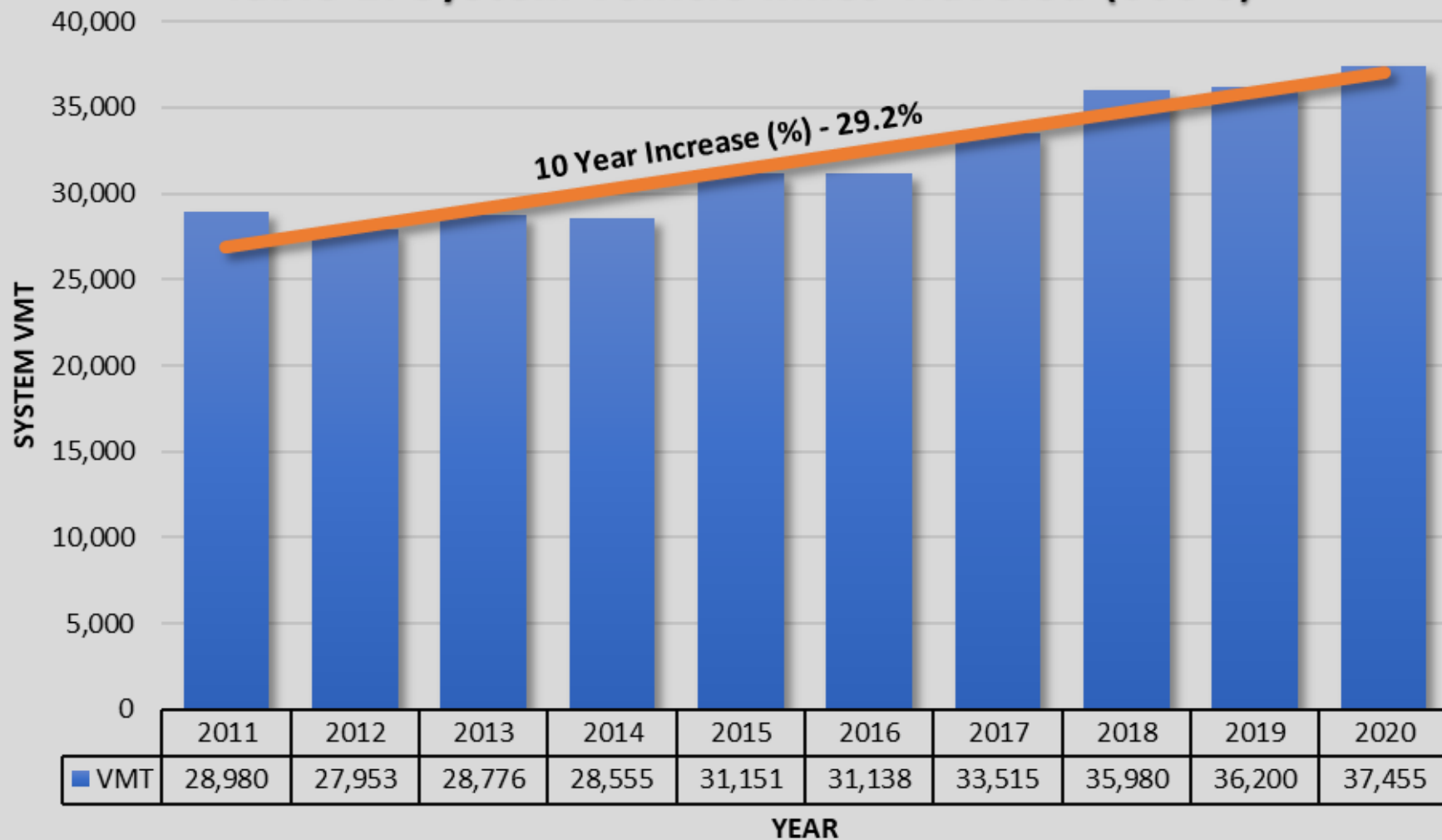
Demand for Transportation Infrastructure

- Florida population grew 16% between 2011 - 2020
- Orange County population grew 24% during the same period
 - #2 in absolute increase
 - #5 in percent increase
- Residential and commercial permit activity is high, with more than 7,000 residential permits and 1,000 commercial permits annually
- Visit Orlando announced 76.0 million visitors in 2019, up 83% since 2011
- OIA, the busiest airport in Florida, saw an 86% increase in passengers since 2011



Transportation Network Metrics

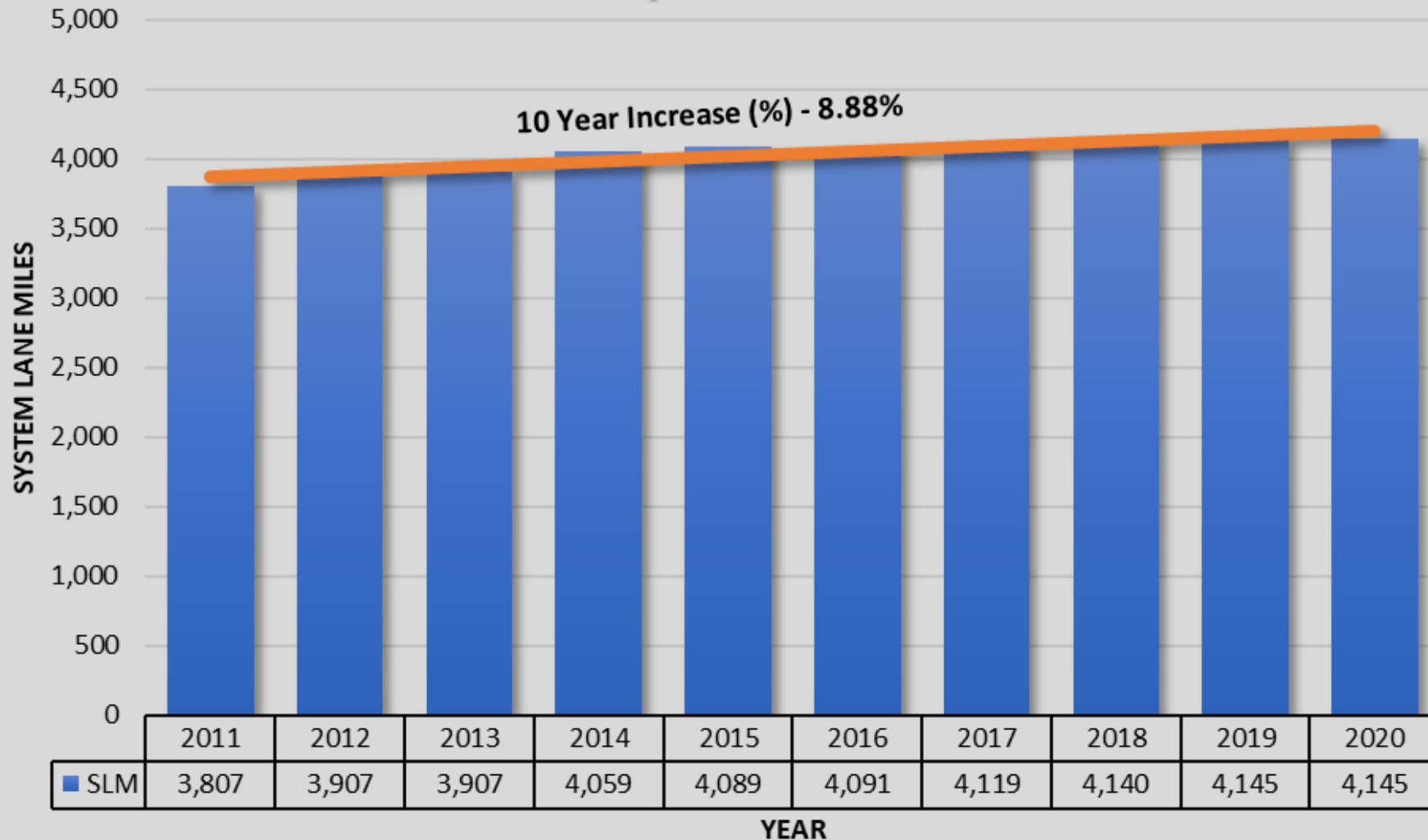
Table 1: System Vehicle Miles Traveled (000's)





Transportation Network Metrics

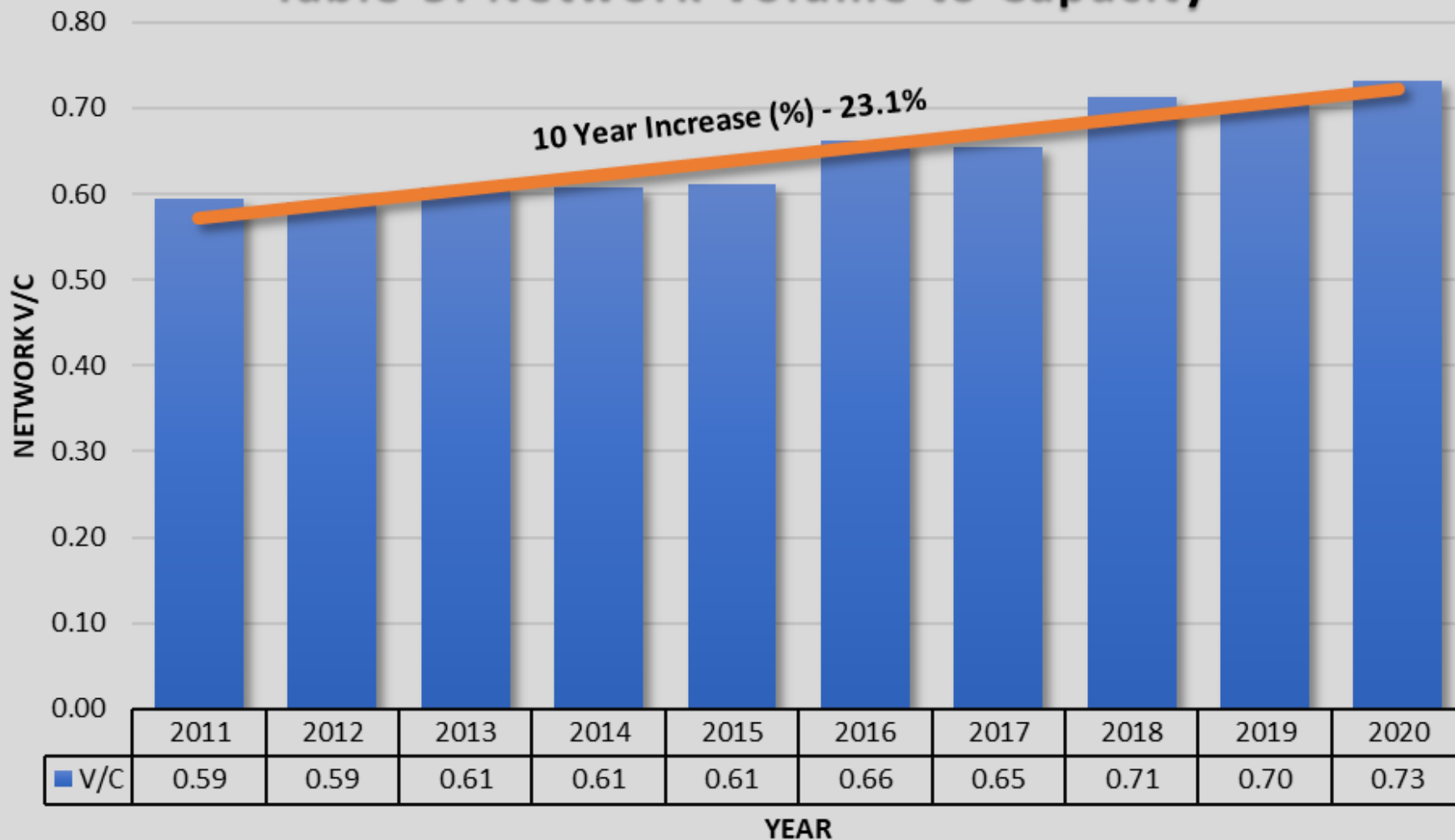
Table 2: System Lane Miles





Transportation Network Metrics

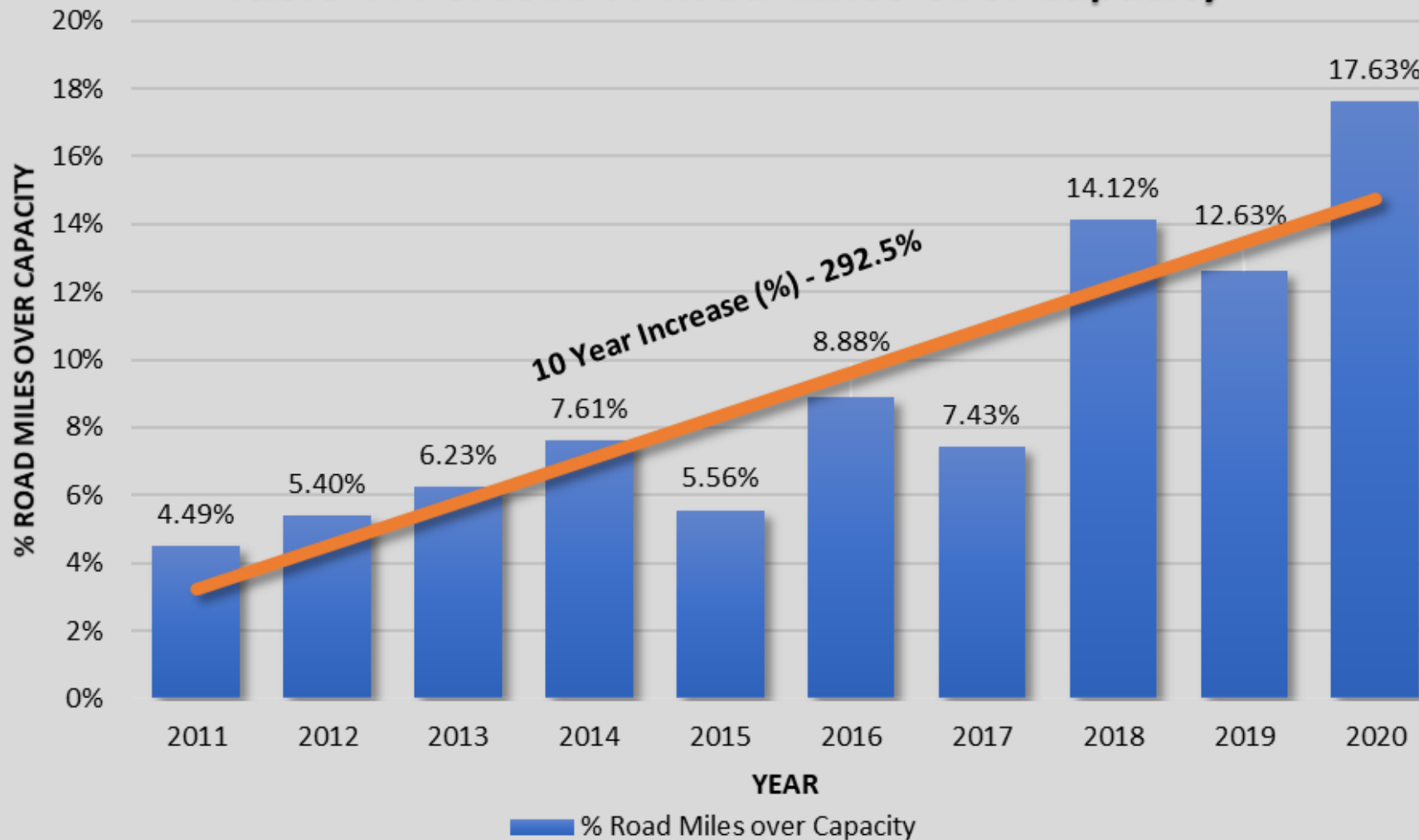
Table 3: Network Volume to Capacity





Transportation Network Metrics

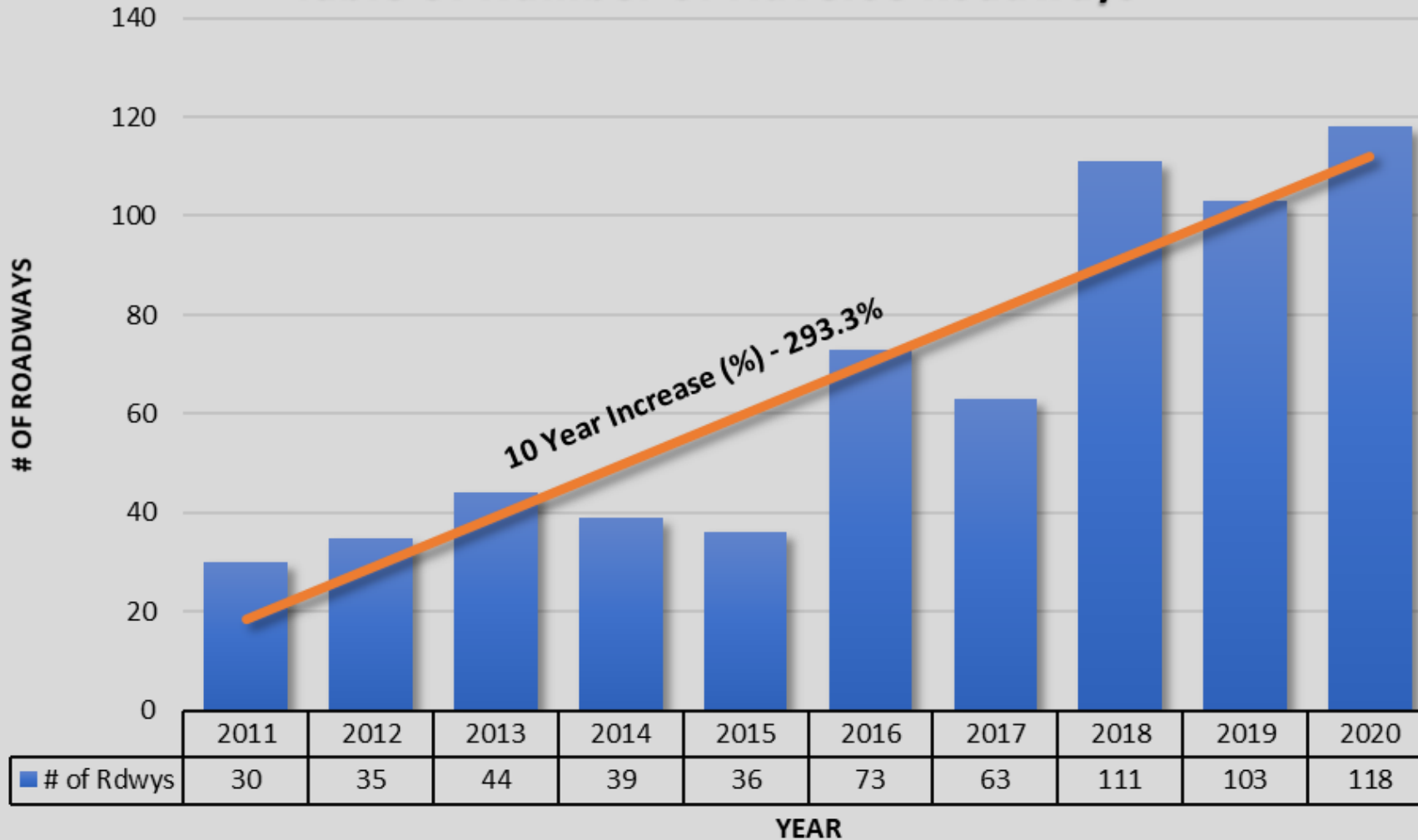
Table 4: Percent of Road Miles over Capacity





Transportation Network Metrics

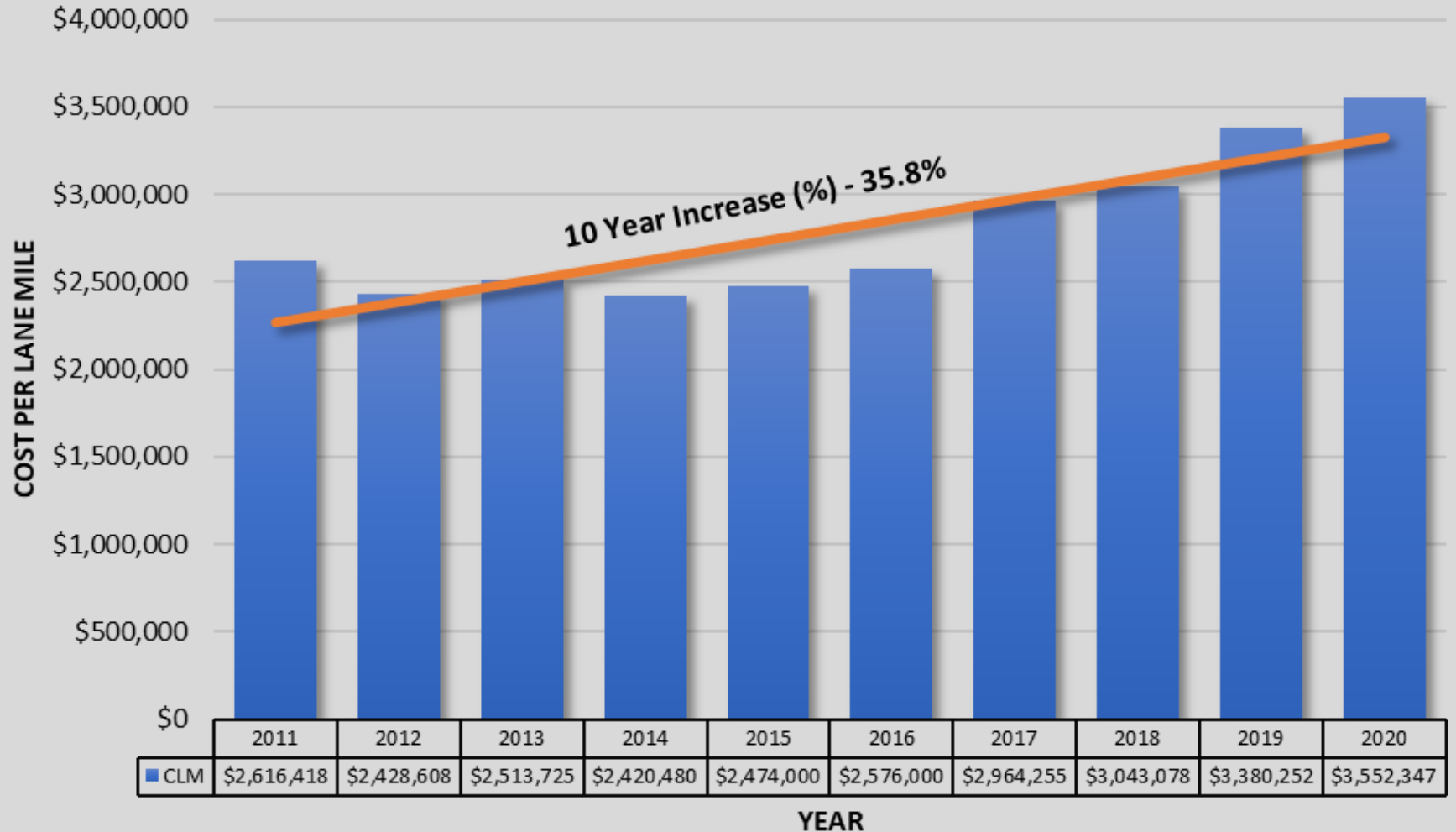
Table 5: Number of Adverse Roadways





Increase in Transportation Improvement Costs

Table 6: Cost Per Lane Mile





Increase in Transportation Improvement Costs

- Transportation improvement costs are a major input into the technical study

$$\text{Net Impact Fee} = (\text{Cost} - \text{Credit}) \times \text{Demand}$$

- Cost to widen a 2-lane to 4-lane road is actually 4x the lane mile cost
 - \$3.5 million x 4 = \$14 million
 - Cost was \$10.3 million as recently as 2016
- FDOT's Construction Cost Indicator increased nearly 20% between 2017 and 2020

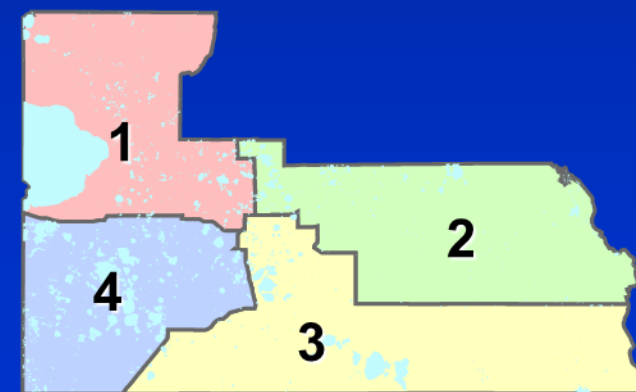
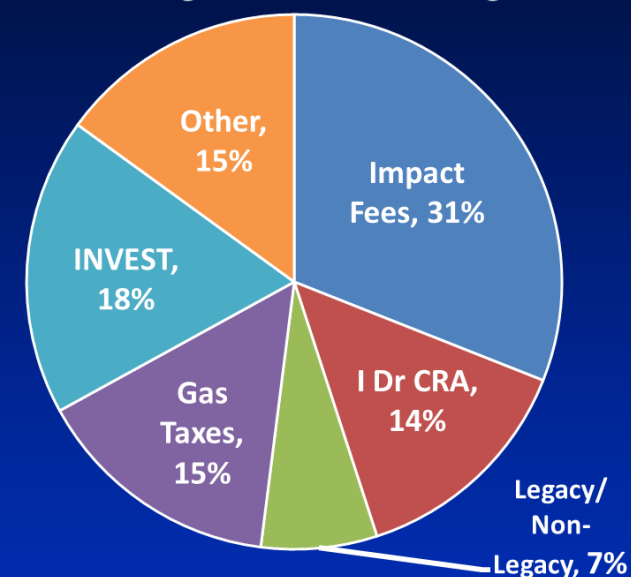




Need for Impact Fees as a Funding Source

- Impact fees fund approximately 30% of the County's CIP
- Impact fees can only be spent in the zone they are collected
- Impact fee assessments are a direct result of development activity and the adopted fee schedule
- Single family home TIF
 - 2009 - \$3,825
 - 2020 - \$3,898

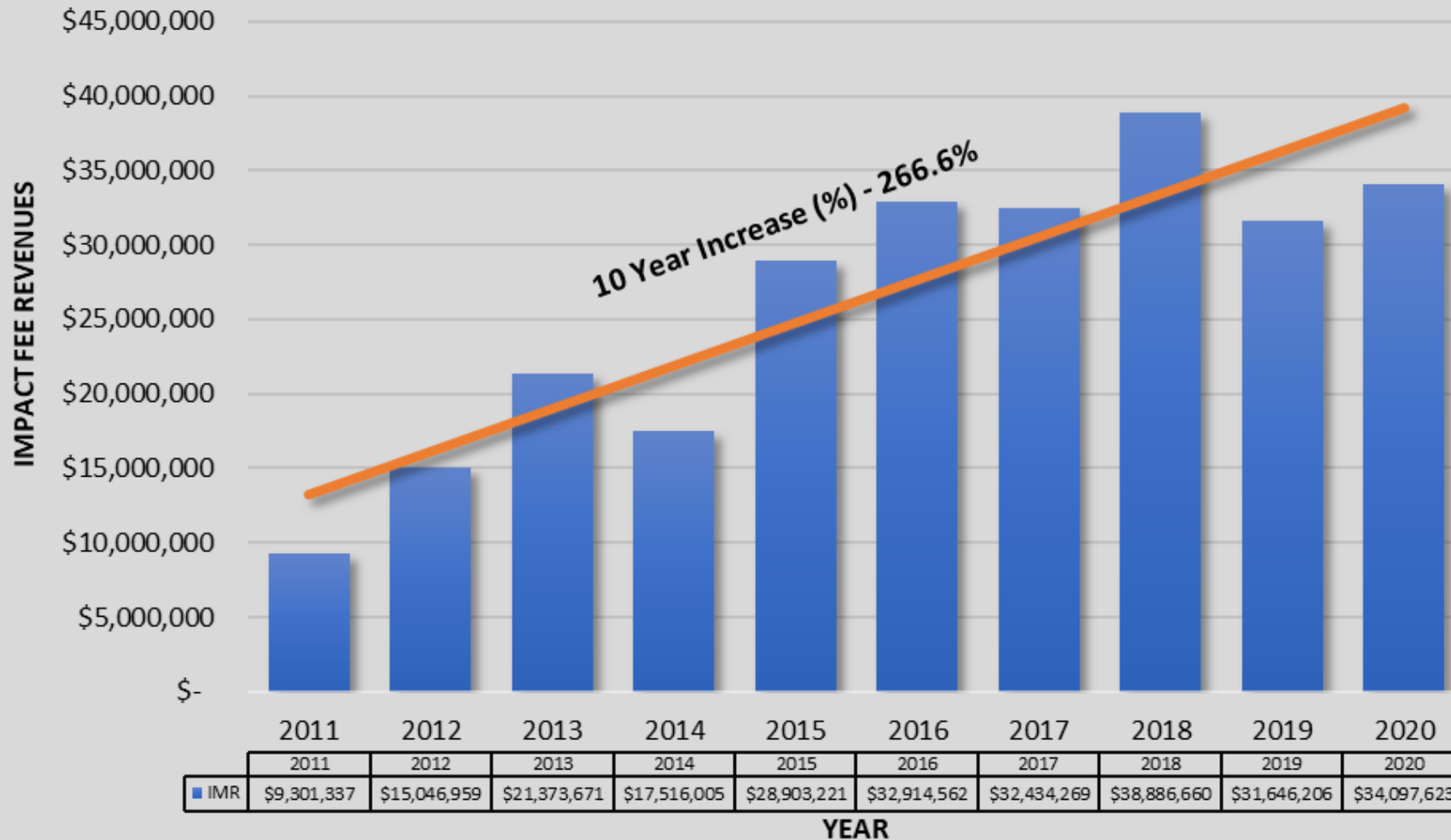
Funding Sources as % of Budget





Need for Impact Fees as a Funding Source

Table 7: Impact Fee Assessments (Countywide)





Need for Impact Fees as a Funding Source

Table 8: Impact Fee Cash Collection (Countywide)





Additional Considerations

▪ Findings of 2020 Technical Study

- Transportation Impact Fee Study is in compliance with existing case law and statutory requirements
- Assessments of 2019 development activity
 - \$27.7M (2012 rates @ 56%)
 - \$49.5M (2012 rates @ 100%)
 - \$71.8M (2020 rates @ 100%) – a 45% increase due to technical study alone



Additional Considerations

▪ Board Policy Discount Factor

–2012 Board decision @ 56% of study rates

–Occurred during Great Recession

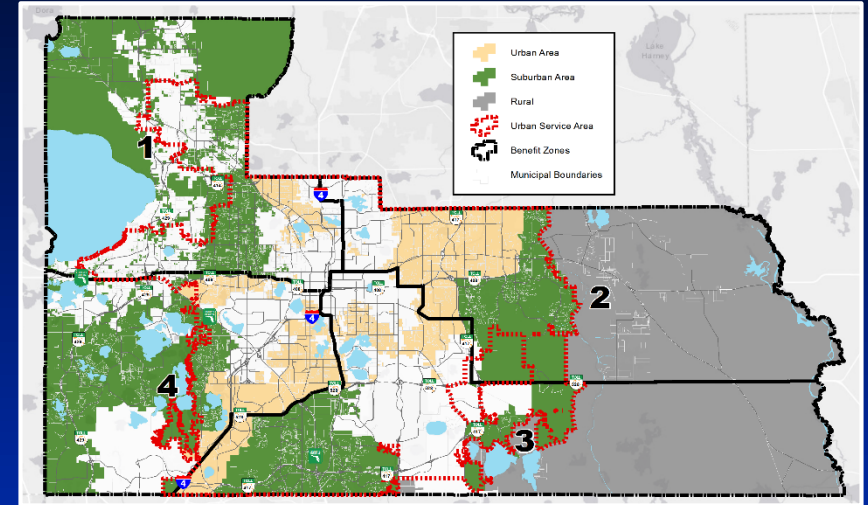
- Low new construction activity levels
- Lower transportation improvement costs
- Fewer transportation deficiencies

–Decision pre-dated any statutory limitation regarding increasing fees

▪ Growth Policy and Study Methodology

–2020 Study incorporated geographic areas and tiered home size

–New phase-in limitations would not reflect these changes





Additional Considerations

▪ Transportation Funding Initiative

- Charter County and Regional Transportation System Surtax as a means of funding comprehensive transportation solutions
- \$5.4 billion in roadway improvements
 - Impact fees cannot be used for transit, safety, and operations/maintenance

▪ Transportation Impact Fee Revenue Loss

- Current Rates – \$27.7M (38% of 2020 study rates)
- Capped Rates – \$44.1M (61% of 2020 study rates)
- 2020 Study Rates – \$71.8M
- \$25M+ potential revenue loss



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Summary

- **HB 337 introduced new phase-in limitations to Section 163.31801 FS for increases to impact fees**
- **County completed Demonstrated Need Study to document extraordinary circumstances necessitating the need to increase fees beyond the phase-in limitations**
 - Demand for Transportation Infrastructure
 - Transportation Network Metrics
 - Increase in Transportation Improvement Costs
 - Need for Impact Fees as a Funding Source
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- **Decision at public hearing in August 2021**



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Next Steps

- **Public hearing tentatively scheduled for August 24, 2021**
- **Earliest implementation of Transportation Impact Fee increase would be December 5, 2021 – 90 day notice of increased fees**
- **Staff will advertise the ordinance with 100% of 2020 Study Rates**
- **Final action by Board to increase fees above phase-in limitations will require 2/3 vote**



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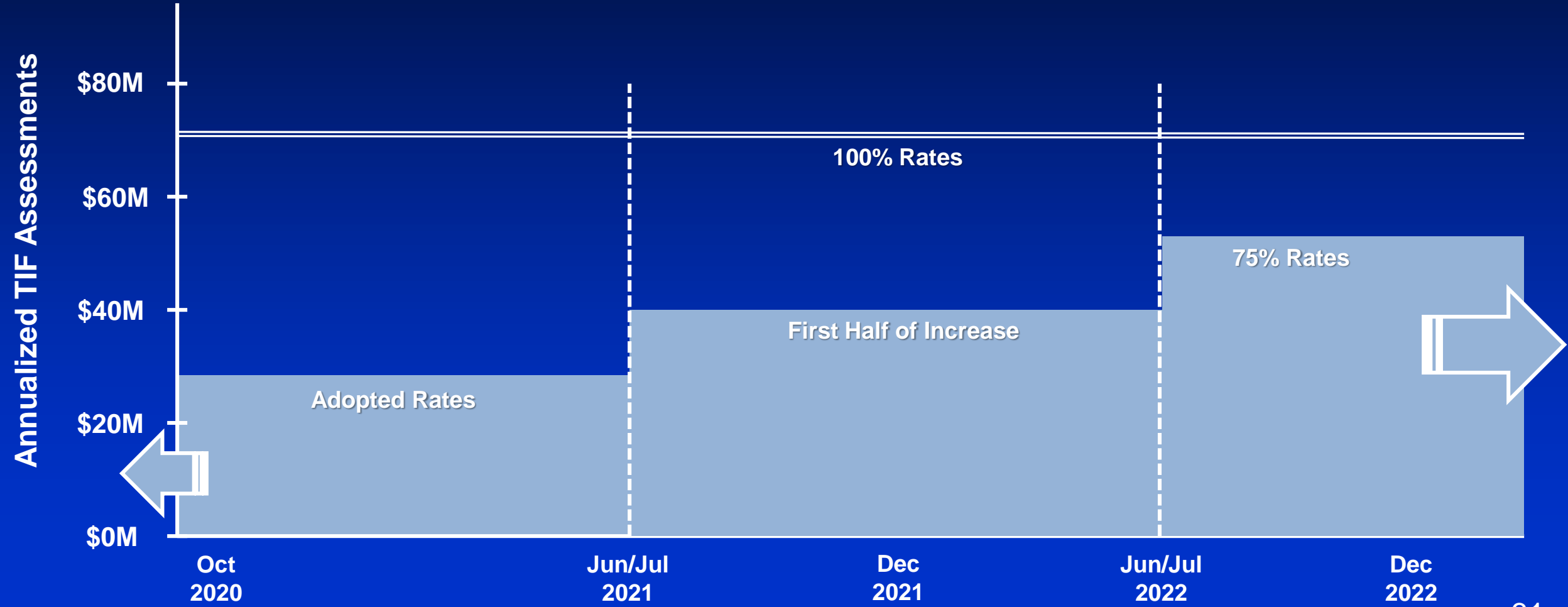
Options for Board Consideration

- **Following public workshops, a public hearing will be scheduled on August 24, 2021**
- **Board previously adopted two scenarios**
 - **Increase to 75% of 2020 study rates in two increments (October 2020)**
 - **Increase to 100% of 2020 study rates in one increment (March 2021)**
- **Options:**
 1. **Increase to 75% in one increment**
 2. **Increase to 100% in one increment**
 3. **Increase to 100% in two increments**
 4. **Others?**



TIF Revenue Projections

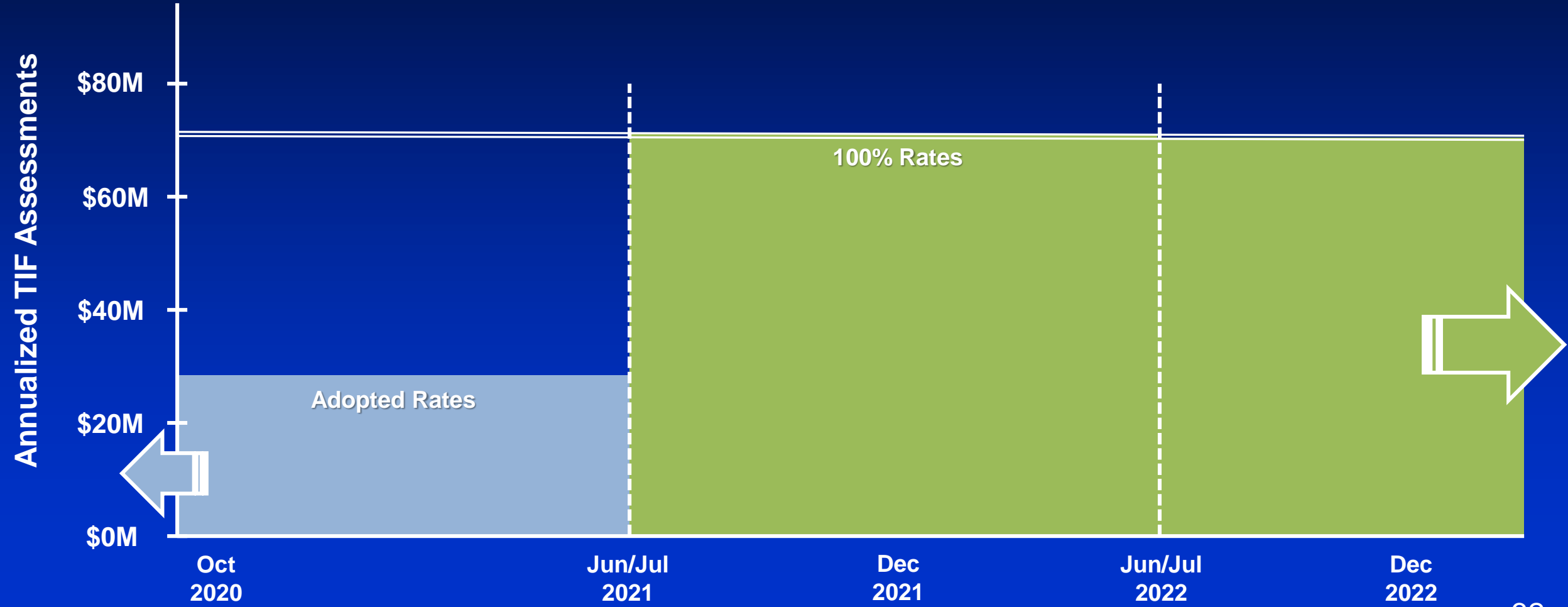
October 2020 Decision





TIF Revenue Projections

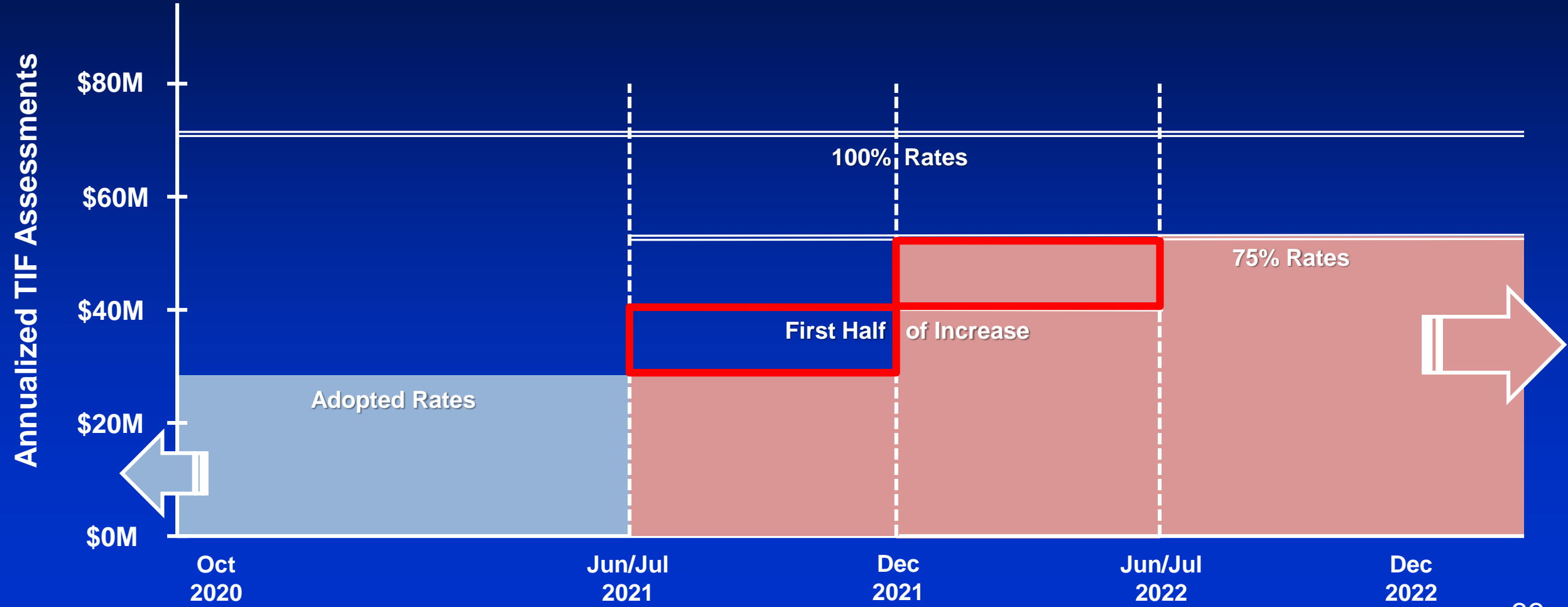
March 2021 Decision





TIF Revenue Projections

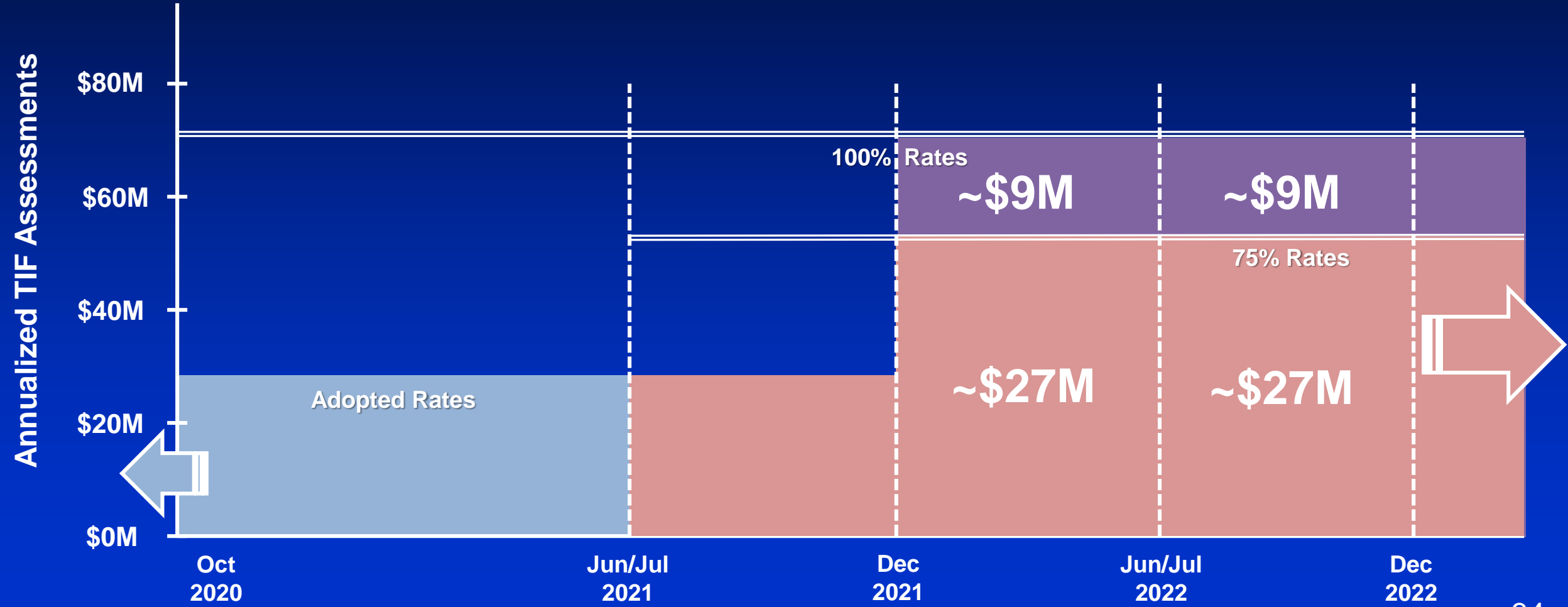
August 2021 Options





TIF Revenue Projections

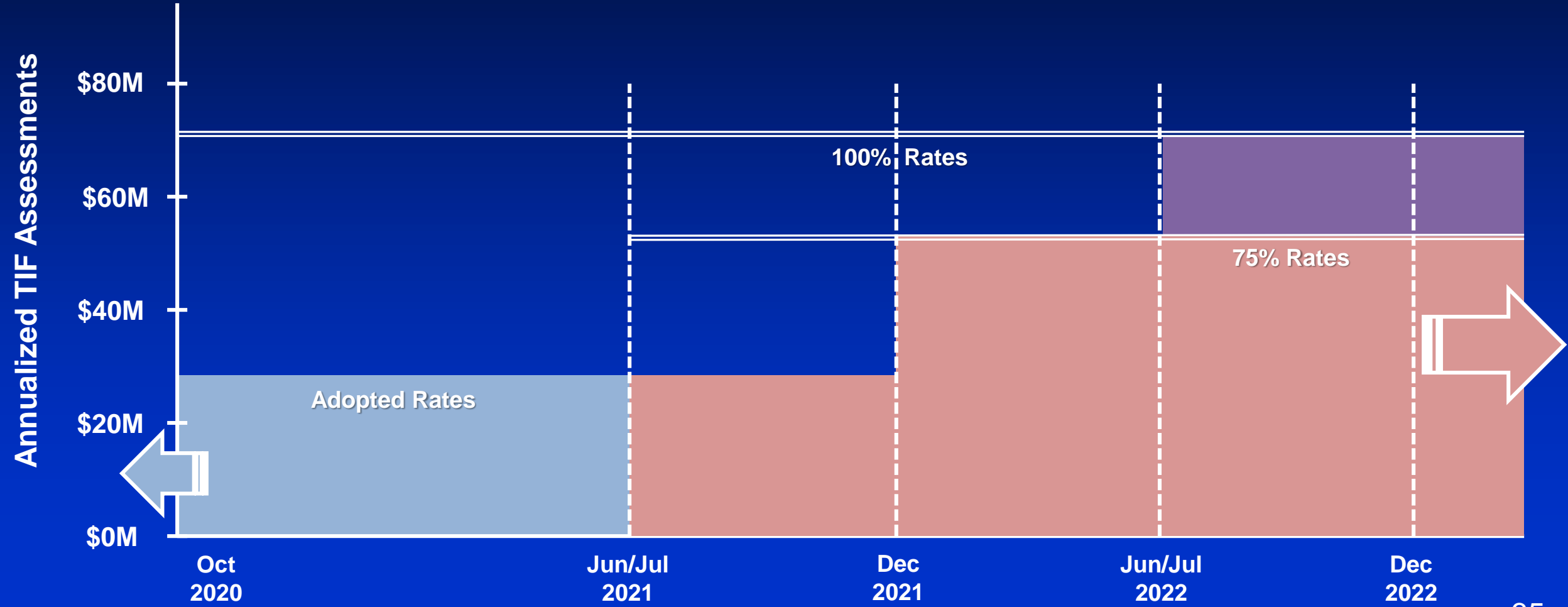
August 2021 Options





TIF Revenue Projections

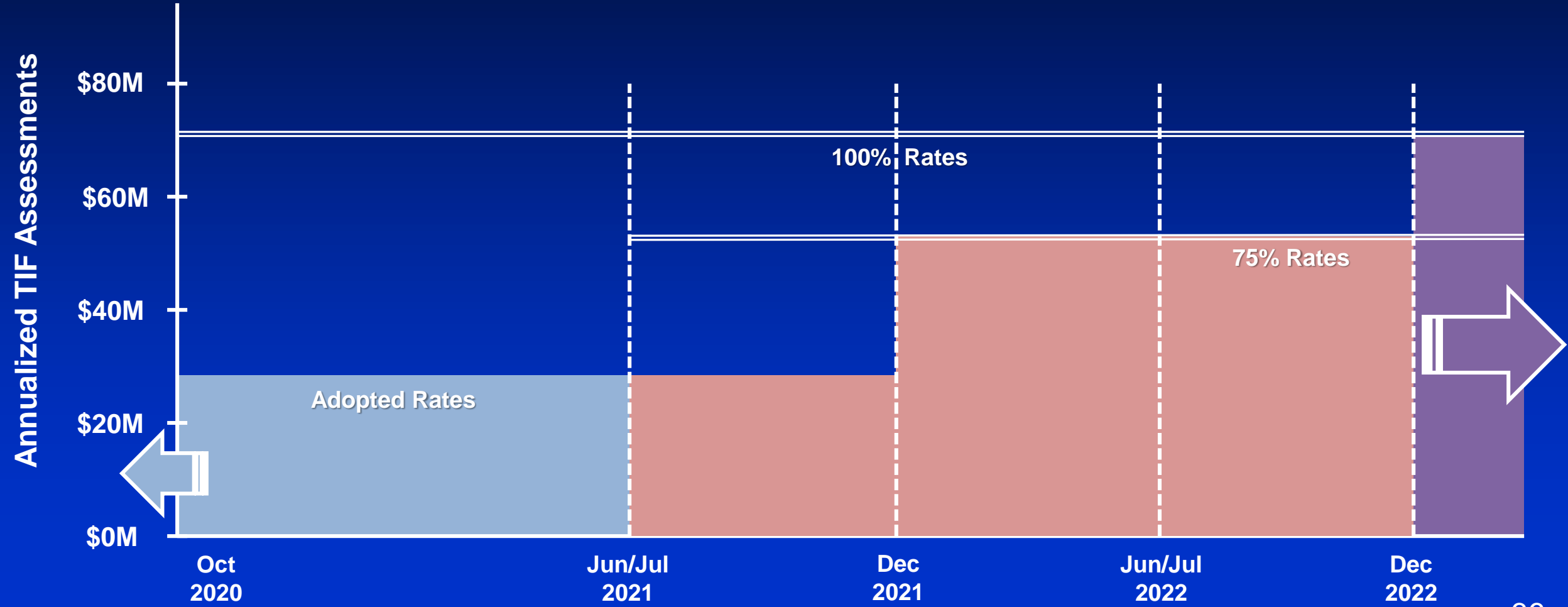
August 2021 Options





TIF Revenue Projections

August 2021 Options





Option 3

3. Increase to 100% in two increments with effective dates:

- December 12, 2021 to 75%
- December 18, 2022 to 100%
- Revenue neutral (or better) option for County compared to Oct 2020 decision
- Two increments allows construction industry time to plan for increases
- Can re-evaluate policy issue following decision on transportation surtax
- Adopting a future scheduled increase to 100% eliminates the future needs study, workshops, hearings and 90-day notice regardless of referendum outcome
- Reduced revenues based on 100% assessment (about \$18M annually)
- Two increments still results in very large increases
- Increases scheduled in 2022 could be at risk of future Legislative action



Option 3

Proposed Impact Fee Increases

Land Use	Unit	Adopted Fees Present to Dec 11, 2021	Increase to 75% Dec 12, 2021 to Dec 17, 2022	Increase to 100% Dec 18, 2022 Onward
		Suburban	Suburban	Suburban
Single Family (2,000sf)	du	\$3,898	\$7,604	\$10,138
Single Family (>3,500 sf)	du	\$3,898	\$9,812	\$13,802
Apartments (3-10 floor)	du	\$2,524	\$4,066	\$5,421
Retail (under 50,000sf)	1,000 sf	\$5,700	\$8,864	\$11,818
Office (under 50,000sf)	1,000 sf	\$5,574	\$7,528	\$10,037



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Public Comment