

*Transportation Planning Division*

# Transportation Impact Fee Overview – Part II

March 26, 2019



# Presentation Outline

- **Purpose**
- **Part I Summary**
- **Current Technical Update**
- **Policy Considerations**
- **Next Steps and Schedule**
- **Board Direction**



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# Purpose

- **Second of two Work Sessions**
  - Part 1 – Transportation Impact Fee Overview
  - Part 2 – Draft Update and Policy Issues
- **Request Board direction on major policy factors required to finalize technical study prior to ordinance update**
  - AMA / Tiered Assessments
  - Affordable Housing
  - Implementation factors



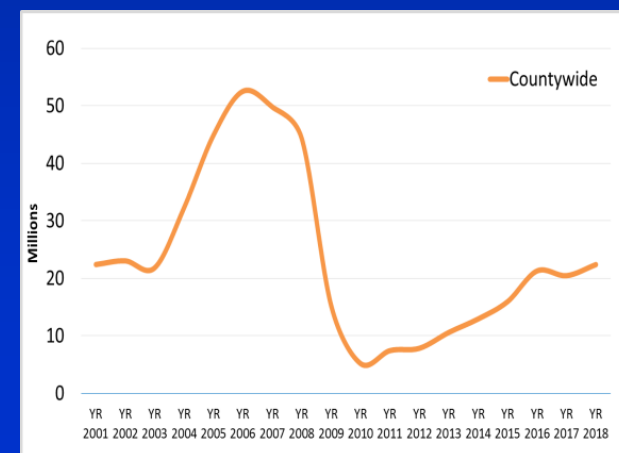
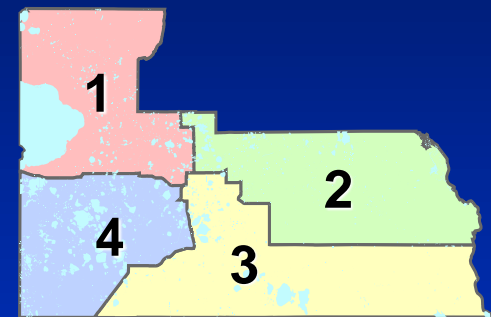
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# Part I Summary

- Impact fees fund the cost of certain infrastructure required to support new growth
- Assessment of impact fees is provided for in Florida Statutes and Chapter 23 of OC Code
- Technical study update underway
- Current fees are not assessed at 100%
- AMA policy relationships to concurrency and impact fees





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# Current Technical Update

- Engaged consultant in 2017
- Update impact fee components
- Evaluate methodology
  - Assessment of AMA
  - Alternative benefit structure
- Resultant fee tables
- Update ordinance

## Orange County Transportation Impact Fee Update Study

DRAFT REPORT  
April 30, 2018



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# Current Technical Update

## ▪ Updated demand component for each land use

- Trip generation and percent new trips
- Trip length increase
- Limited Access Discount Factor up 29%

Effect on Fee



## ▪ Updated improvement costs

- Costs for all production phases
- Construction costs up 22%



## ▪ Updated credit components

- Gas tax credit, INVEST, and fuel efficiency changes
- Credit component up 7%





# Current Technical Update

## Transportation Impact Fees – Regular Update (100%)

| Land Use                | Unit     | Orange County AMA | Orange County Non-AMA | Orange County AMA* | Orange County Non-AMA* |
|-------------------------|----------|-------------------|-----------------------|--------------------|------------------------|
| Study Update            | -        | 2018              | 2018                  | 2012               | 2012                   |
| Single Family           | du       | \$8,037           | \$8,709               | \$6,716            | \$6,961                |
| Apartments (low rise)   | du       | \$5,783           | \$6,267               | \$4,348            | \$4,507                |
| Retail (under 50,000sf) | 1,000 sf | \$9,735           | \$10,750              | \$9,741            | \$10,178               |
| Office (under 50,000sf) | 1,000 sf | \$7,943           | \$8,614               | \$9,596            | \$9,953                |

\*Presented at 100% of the full fee from the 2012 Study before policy discount



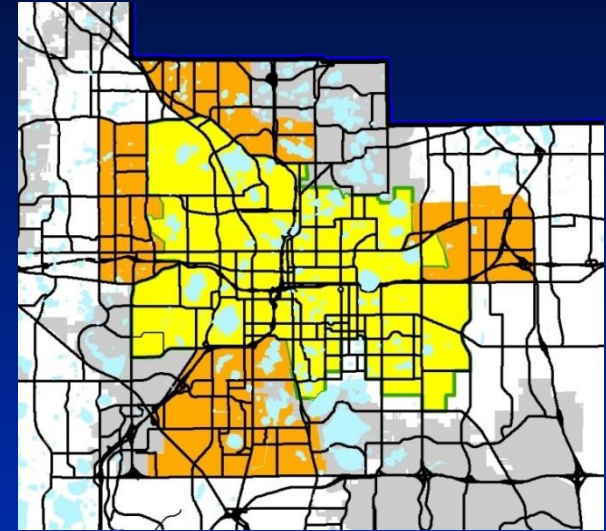
# Assessment of AMA

## ■ Technical approach

- Utilized person trips
- Impact fee differential was about 5%
- Allowed impact fees to be spent on multi-modal projects

## ■ Findings

- Fee differential was not a significant incentive
- Revenues within AMA sub-zone were not a large percentage (5-20%)
- County completed few stand-alone multi-modal projects





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# Policy Considerations

- **Board direction on major policy considerations prior to final technical study and ordinance update**
  - AMA
  - Affordable Housing
  - Policy Discount Factors
  - Other considerations



# AMA Options

- **Option 1: Traditional Update**
  - Keep AMA/Non-AMA areas and methodology, including concurrency exemption
  - Fee schedule based on technical demand, cost, and credit components
  - Won't result in significant fee differential between AMA/Non-AMA areas



# AMA Options

## ▪ Option 2: Revise AMA policies

### –For Concurrency

- Re-establish transportation concurrency and proportionate share within AMA
- Update LDC to provide for improved pedestrian standards and alternative modes in Urban area
- Review constrained corridors policies to encourage cross access and improvements to network connectivity

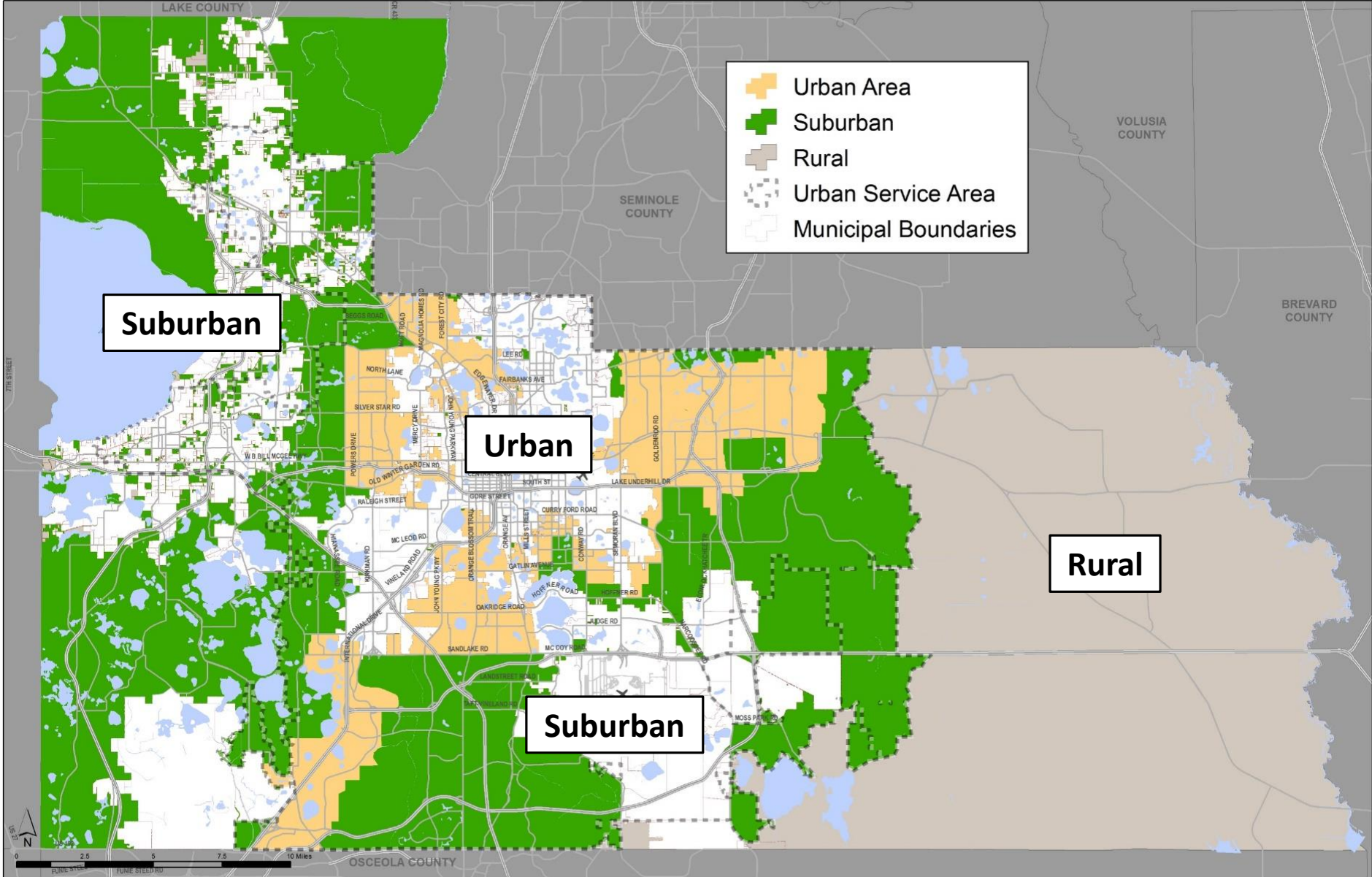
### –For Impact Fees

- Expand AMA into *Urban* Tier
- *Suburban* Tier rest of the County except rural East
- *Rural* Tier is east Orange County outside USA





# Option 2 – Alternative Benefit Tier





# AMA Options

## ▪ Option 2: Alternative Benefit Tier Technical Calculations

– Adjust ‘added capacity’ of cost component correlated to a V/C ratio adjustment

– Proposed V/C Adjustment

- Urban:  $V/C = 1.0$
- Suburban:  $V/C = 0.90$
- Rural:  $V/C = 0.80$



# AMA Options

## Transportation Impact Fees – Tiered Update (100%)

| Land Use                | Unit     | Orange County Urban | Orange County Suburban | Orange County Rural | Orange County AMA* | Orange County Non-AMA* |
|-------------------------|----------|---------------------|------------------------|---------------------|--------------------|------------------------|
| Study Update            | -        | 2018                | 2018                   | 2018                | 2012               | 2012                   |
| Single Family           | du       | \$8,037             | \$9,841                | \$11,257            | \$6,716            | \$6,961                |
| Apartments (low rise)   | du       | \$5,783             | \$7,085                | \$8,107             | \$4,348            | \$4,507                |
| Retail (under 50,000sf) | 1,000 sf | \$9,735             | \$12,193               | \$13,996            | \$9,741            | \$10,178               |
| Office (under 50,000sf) | 1,000 sf | \$7,943             | \$9,738                | \$11,142            | \$9,596            | \$9,953                |

\*Presented at 100% of the full fee from the 2012 Study before policy discount



# Affordable Housing

## ▪ What we do today:

- Impact Fee Subsidy (SHIP) for low or very low income households up to \$15,000
  - Only leveraged by specialty builders or non-profits due to income requirements of purchaser
- Expedited permitting
- Down payment assistance
- Rehabilitation assistance



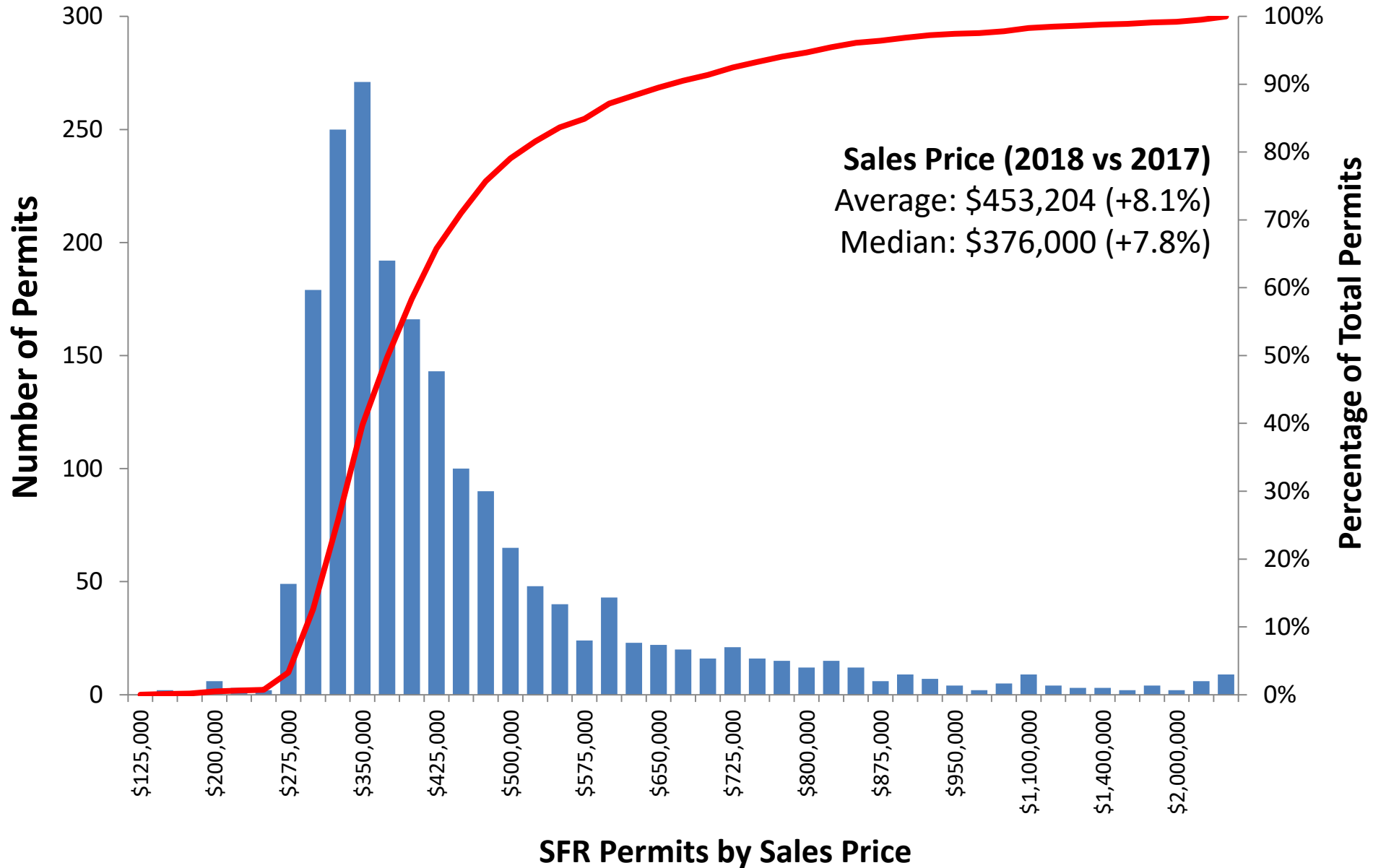
# Affordable Housing

- Impact fees add to the cost of any new house
- Affordability price point
  - Very Low (50%): \$ 83,500
  - Low (80%): \$178,000
  - Moderate (120%): \$290,000
- Market is not building an affordable product

Current Impact Fees Assessed

| Fee                    | Single Family<br>1 du |
|------------------------|-----------------------|
| Schools (100%)         | \$8,784               |
| Fire (100%)            | \$319                 |
| Law Enforcement (100%) | \$478                 |
| Parks (100%)           | \$1,544               |
| Transportation (56%)   | \$3,898               |
| Total                  | \$15,023              |

# 2018 Single Family Residential Permits





# Affordable Housing Options

- **Subsidize or waive impact fees for:**
  - ADUs
  - Certified affordable housing units
  - New construction valued at price point affordable to very low, low, or moderate income households
    - Benefit of increasing inventory of affordable units, regardless of income of future owners
- **Waive fees for de minimis levels of development**
- **May be able to use interest earned on impact fee fund balance to buy down fees**



# Affordable Housing Options

- **Review transportation impact fee structure to provide lower fees for smaller homes**

|                      |         |
|----------------------|---------|
| • Less than 1,500 sf | \$2,031 |
| • 1,500 – 2,499 sf   | \$2,706 |
| • More than 2,500 sf | \$3,193 |

Source: Lake County South Benefit District rates effective 4/22/19

- **Engage consultant to explore options**
- **County's assessment level of impact fees not likely to drive the market to add more affordable units**





# Policy Discount Factor

- Implementation of fees a Board policy decision
- Transportation Impact Fees currently assessed at 56%
- Comparison to other local government fees and impacts to development community are considerations
- Phasing of fee increases is also an option
  - 50% of increase 6 month period
  - 100% thereafter



# Policy Discount Factor

## Fee Comparison - Counties

| Land Use                   | Unit     | Orange County Urban | Orange County Suburban | Orange County Rural | Seminole County | Osceola County | Lake County     |
|----------------------------|----------|---------------------|------------------------|---------------------|-----------------|----------------|-----------------|
| Study Update               | -        | 2018<br>(56%)       | 2018<br>(56%)          | 2018<br>(56%)       | 1992<br>(100%)  | 2017<br>(100%) | 2018*<br>(100%) |
| Single Family              | du       | \$4,501             | \$5,511                | \$6,304             | \$1,271         | \$8,706        | \$3,193         |
| Apartments<br>(low rise)   | du       | \$3,238             | \$3,968                | \$4,540             | \$849           | \$6,082        | \$1,336         |
| Retail<br>(under 50,000sf) | 1,000 sf | \$5,452             | \$6,828                | \$7,838             | \$4,496         | \$12,956       | \$2,964         |
| Office<br>(under 50,000sf) | 1,000 sf | \$4,448             | \$3,773                | \$6,240             | \$2,785         | \$5,480        | \$2,531         |

\*Rates for Lake County South benefit district effective on April 22, 2019



# Policy Discount Factor

## Fee Comparison - Cities

| Land Use                | Unit     | Orange County Urban | Orange County Suburban | Orange County Rural | City of Orlando | City of Winter Garden | City of Ocoee  |
|-------------------------|----------|---------------------|------------------------|---------------------|-----------------|-----------------------|----------------|
| Study Update            | -        | 2018<br>(56%)       | 2018<br>(56%)          | 2018<br>(56%)       | 2012<br>(50%)   | 2004<br>(100%)        | 2015<br>(100%) |
| Single Family           | du       | \$4,501             | \$5,511                | \$6,304             | \$4,123         | \$3,517               | \$3,944        |
| Apartments (low rise)   | du       | \$3,238             | \$3,968                | \$4,540             | \$2,729         | \$2,470               | \$2,655        |
| Retail (under 50,000sf) | 1,000 sf | \$5,452             | \$6,828                | \$7,838             | \$6,766         | \$12,716              | \$4,598        |
| Office (under 50,000sf) | 1,000 sf | \$4,448             | \$3,773                | \$6,240             | \$4,576         | \$5,748               | \$4,753        |



# Other Considerations

- **Indexing**

- Indexing provides for gradual increase
- Proposed index is 3.5% annually

- **Other considerations**

- Some options might require a Comp. Plan amendment
- Increases in fees can't go into effect for 90 days after adoption public hearing



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# Next Steps and Schedule

## ▪ Proposed Schedule

- BCC Worksession(s) (February / March 2019)
- Amend Consultant Contract (early Spring 2019)
- BCC Worksession (Summer 2019)
- Stakeholder Meetings (Summer 2019)
- DAB and LPA Review (Summer 2019)
- BCC Public Hearings (early Fall 2019)



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# Board Direction

- **Staff recommendation:**
  - Amend AMA policies and establish Alternative Benefit Tier
  - Explore impact fees options for affordable housing
  - Return to Board for final policy direction, including Policy Discount Factor, Phasing, and Indexing prior to public hearing