

Board of County Commissioners

**Impact Fees for Additions to
Residential Homes**

Work Session

September 10, 2024

Presentation Outline

- Background
- Analysis
- Policy Options
- Staff Recommendation
- Summary & Board Discussion



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Background

- **Impact fees are charges assessed on new development to help pay for public infrastructure**
- **Impact fees are updated periodically to reflect current demands**
 - Study is conducted to establish impact fee rates
 - School impact fees (SIF) effective April 1, 2021
 - Transportation impact fees (TIF) effective December 5, 2021
- **Tiering assessments introduced for equity**
 - Size of the unit drives assessment rate
 - Residential additions not explicitly discussed as policy

Issues:

- **Residential additions were not routed for assessment upon adoption**
 - Impact fee office never reviewed additions previously
 - Oversight identified in November 2023
 - Routing commenced and assessments completed
- **Customers upset over additional impact fees on existing homes**
 - Issue escalated to management

■ Transportation Impact Fees

Transportation Impact Fees	Calculated Rates		
	Urban	Non-Urban/Suburban	Rural
Single Family (Detached) - 1,200 sf or less	\$6,425	\$7,973	\$9,113
Single Family (Detached) - 1,201 to 2,000 sf	\$8,218	\$10,138	\$11,586
Single Family (Detached) - 2,001 to 3,500 sf	\$10,163	\$12,509	\$14,294
Single Family (Detached) - greater than 3,500 sf	\$10,640	\$13,082	\$14,949

■ Exemptions

- TIF Sec. 23-98 (1) – Alterations of an existing structure where the use and footprint/size are not changed

▪ School Impact Fees

School Impact Fees	Rates
Single Family (Detached) - 2,000 sf or less	\$8,829.00
Single Family (Detached) - 2,000 - 2,499 sf	\$9,513.00
Single Family (Detached) - 2,500 - 2,999 sf	\$11,402.00
Single Family (Detached) - 3,000 - 3,999 sf	\$12,015.00
Single Family (Detached) - greater than 4,000 sf	\$9,584.00

▪ Exemptions

- SIF Sec. 23-161 (1) – Alterations or expansion of an existing dwelling unit where no additional dwelling units are created and the expanded unit remain in the same size tier



Background

Local Jurisdictions:

Transportation Impact Fee Tiering	Addition Charge
Orange County	Yes
Apopka	No
Orlando	Yes
Winter Park	Yes

School Impact Fee Addition Charge
Orange County
Oakland
Orlando
Windermere
Winter Park

Required by ordinance

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Analysis

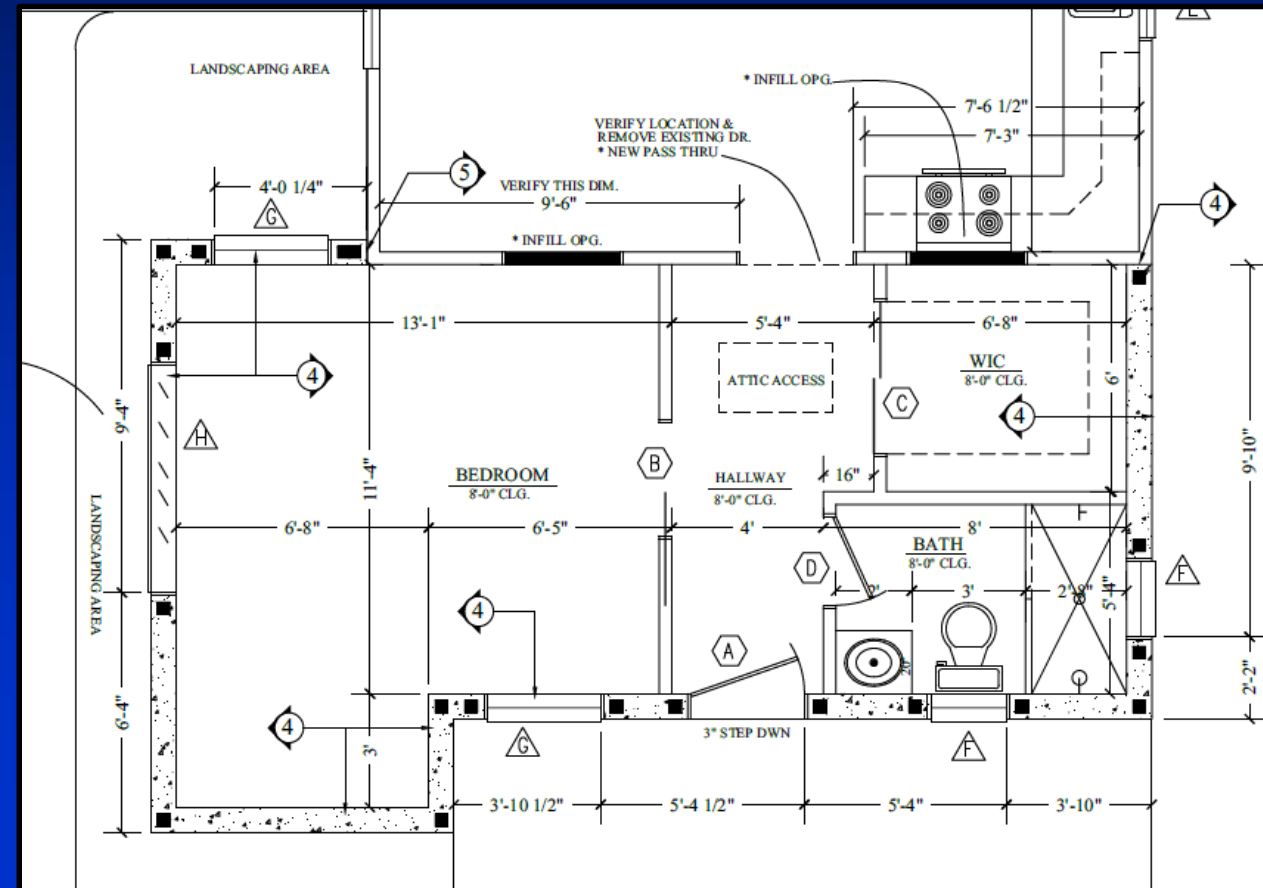
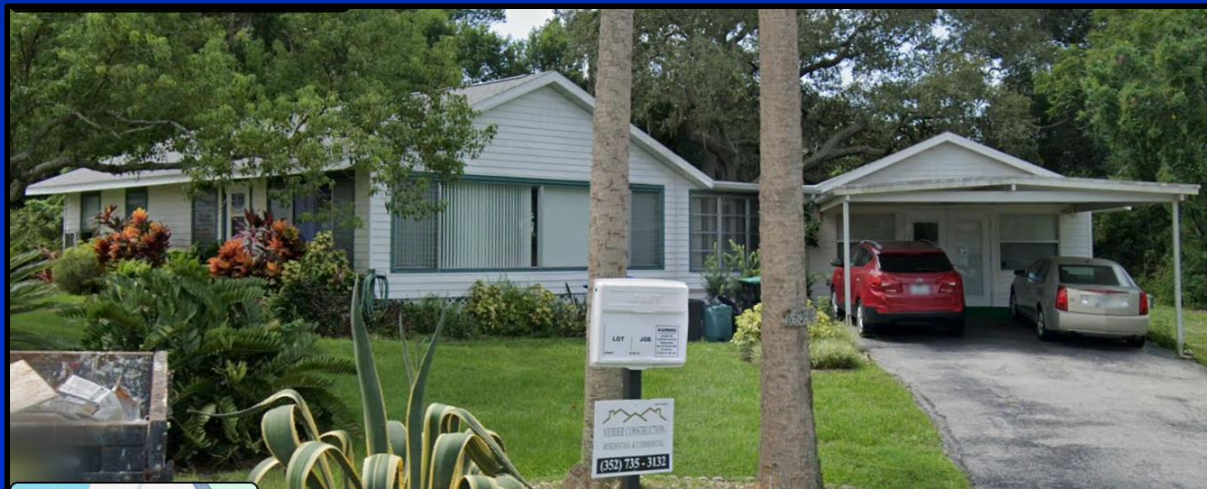
- Permits missed and economic data
- What the market is requesting
- When do we exempt single family residential impact fees
- Benefits of residential additions
- Local government feedback



- **312 total residential addition permits were not reviewed**
 - **School impact fee review – 4/1/21 through 12/31/23**
 - 133 permits changed tier – \$131,943.00 fee value not assessed
 - Total school impact fees collected within review period – \$85,902,035 (0.15%)
 - **Transportation impact fee review – 12/5/21 through 12/31/23**
 - 93 permits changed tier – \$164,636.69 fee value not assessed
 - Total transportation impact fees collected within review period – \$50,398,297 (0.33%)
- **Assessments for tier changes November 2023 – present**
 - **School tier change – 97 permits (\$129,699/\$80,383 collected)**
 - **Transportation tier change – 83 permits (\$159,408.32/\$89,773.69 collected)**

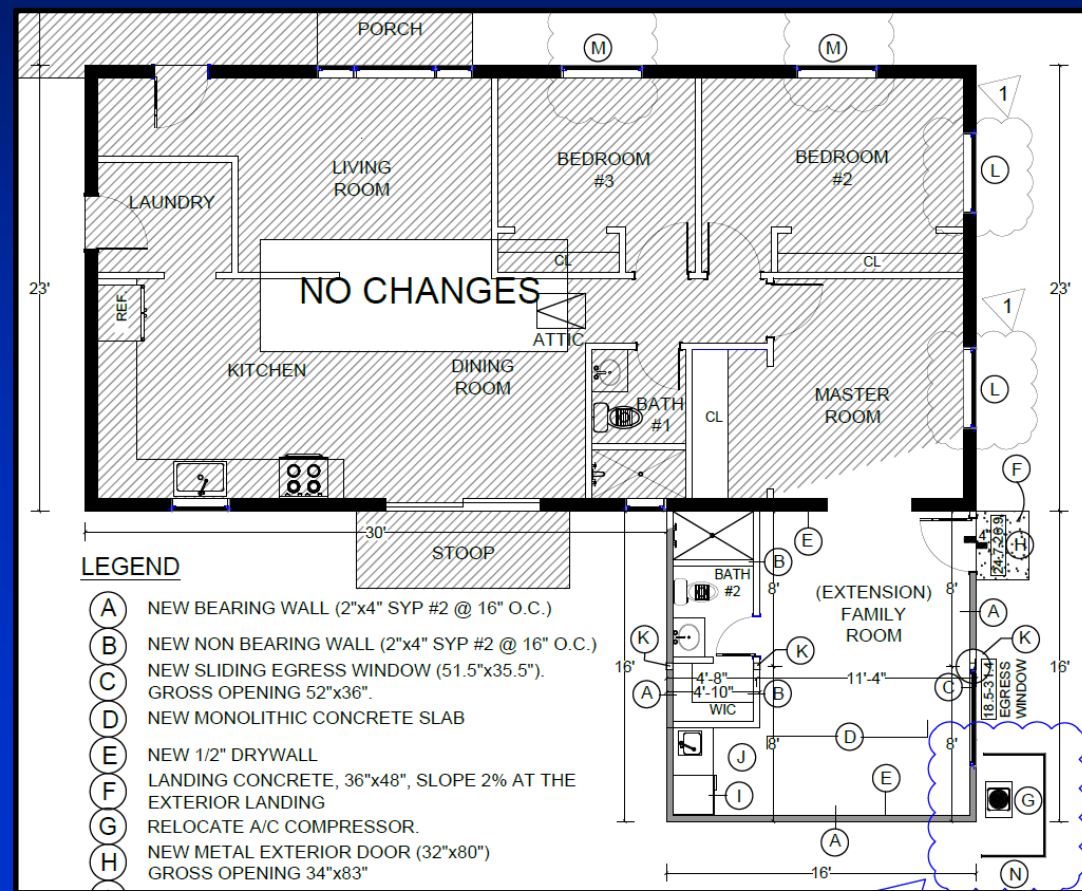
Analysis

- Example 1 – Enlarge existing bedroom/bathroom addition
- 306 sq/ft
- Construction value \$35,000
- TIF \$2,165
- SIF \$707



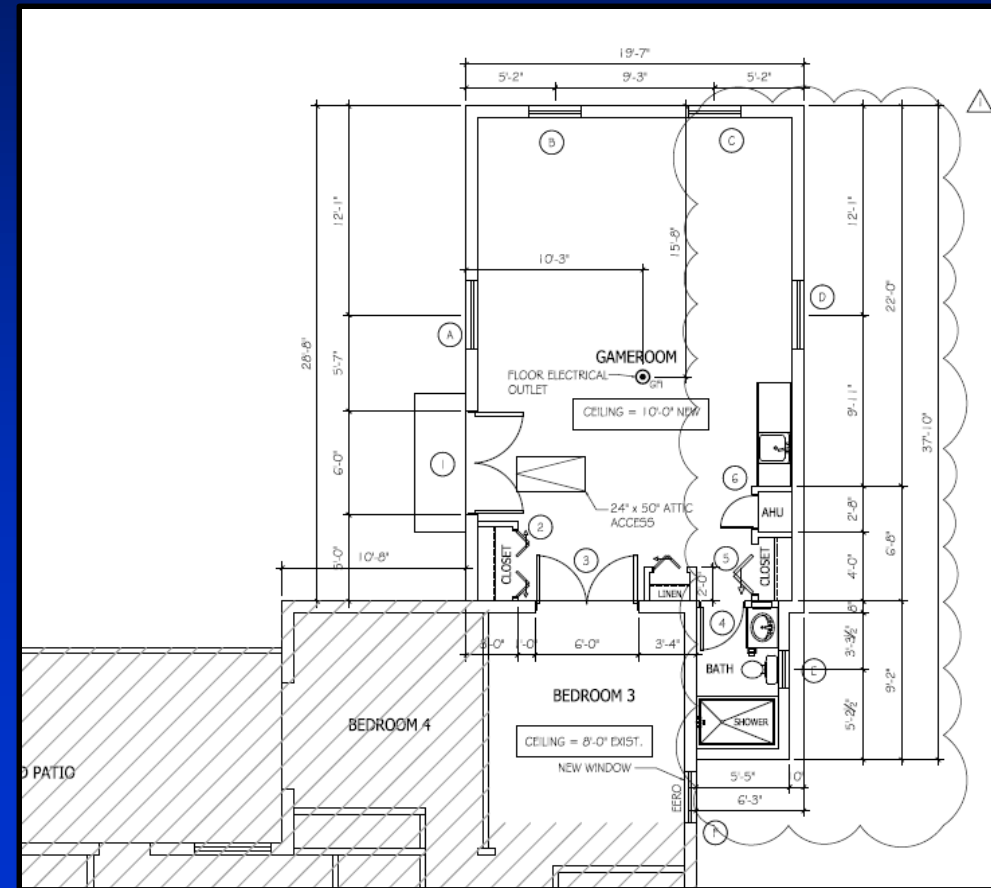
Analysis

- Example 2 – Family room/half bath/laundry addition
- 256 sq/ft
- Construction value \$25,000
- TIF \$1,920
- SIF \$0



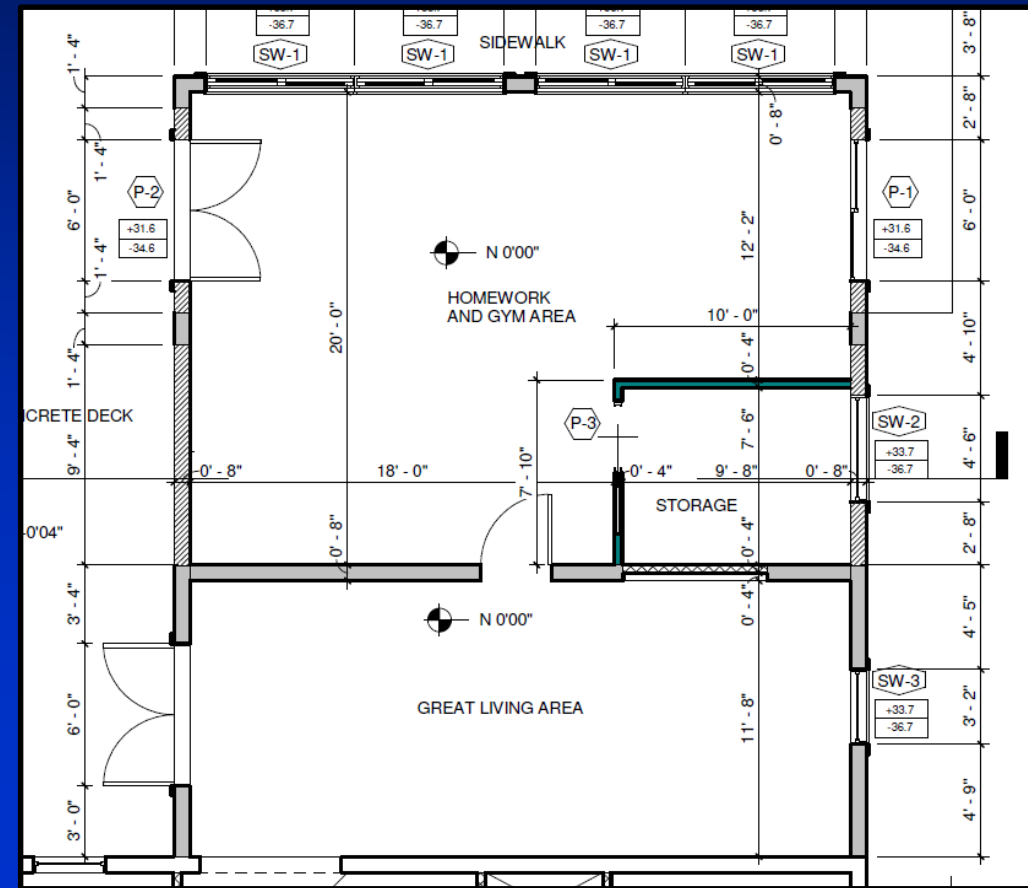
Analysis

- Example 3 – Game room/bath addition
- 611 sq/ft
- Construction value \$80,000
- TIF \$2,452
- SIF \$2,573



Analysis

- Example 5 – Gym/living room addition
- 606 sq/ft
- Construction value \$48,720
- TIF \$0
- SIF \$0



Analysis

What is the Residential Market Requesting?

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- **350 Single family addition permits issued (12/5/21 – 8/18/24)**
 - Smallest addition permit 28 sq/ft
 - Largest addition permit 9,763 sq/ft
 - Average addition permit 885 sq/ft



Analysis

What is the Residential Market Requesting?

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- **124 Single family addition permits issued (11/23 – 7/24)**
 - **59 Permits with Bedroom Additions (47%)**
 - Average Number of Bedrooms Added – 1.59
 - Smallest Bedroom Size – 90 Square Feet
 - Largest Bedroom Size – 500 Square Feet
 - Average Bedroom Size – 238 Square Feet
 - **34 Permits with Bedroom Additions Increased Tiers (27%)**
 - \$52,570 Assessed / \$33,854 Collected



Analysis

When do We Exempt SFR Impact Fees?

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- **Accessory Dwelling Units (ADU) are exempt from impact fees**
 - Policy adopted due to constrained housing market
 - Zoning determines whether an application meets the criteria
 - Lesser of 50% of the primary structure or 1,000 sq/ft
 - 2 acres allows 50% of the primary structure or 1,500 sq/ft
 - 50 ADU permits issued (2022-2024)
 - \$415,055 in transportation impact fees exempted
 - \$335,054 in school impact fees exempted
 - Smallest ADU permit 372 sq/ft
 - Largest ADU permit 1,496 sq/ft
 - Average ADU permit 720 sq/ft



- **Should residents be assessed for minor home improvements?**
 - Based on existing size they may advance tiers (equity)
 - Same 200 sq. ft. improvement
 - Current constrained housing market encourages renovations
 - Support aging in place, multi-generational and mobility modifications
 - Provide greater housing choice for affordability

- **Property improvements lead to increased tax revenue**
 - Additions assessed at market rate
 - Benefits General Fund, Public Schools, Fire Rescue, Library System

- **Local government feedback (*School Impact Fees*)**
 - **OCPS: Concerned only with additional bedrooms**
 - **Orlando: Supports limited exemption (*bathroom addition*)**
 - **Winter Park: Supports limited exemption (*5% into tier*)**
 - **Oakland: Recommends examining in next study**
 - **Windermere: Recommends examining in next study**



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Policy Options

- 1. Continue charging for all permits that exceed a SIF and TIF tier and address affected permits**
- 2. Exempt some portion of impact fees for SFR additions and address affected permits**



Policy Options

1. Continue charging all permits that exceed a SIF and TIF tier and address affected permits

—Pros:

- Remains consistent with adopted code
- Proper accounting for unassessed permits

—Cons:

- Existing residents affected
- Equity issue based on existing home size
- Does not address the discrepancy of the ADU exemption
- May serve as a barrier to renovations to improve quality of life



Policy Options

2. Exempt some portion of impact fees for SFR additions and address affected permits

—Pros:

- Existing residents may receive relief
- Provides a degree of equity
- Aligns with current ADU exemption
- Proper accounting for unassessed permits

—Cons:

- Lost revenue
- Exemption portion may still have inequity due to existing home size



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Staff Recommendation

Policy option 2:

- **Exempt first 800 square feet of addition**
 - Based on the difference between the TIF tier 1 and tier 2
 - Aligns with average addition size and average ADU size
 - Retroactive to code adoption
 - Address issue with next SIF and TIF studies
- **Adopt ordinance update through Public Hearing**
- **Reduce affected active permits**
- **Provide refunds as appropriate**



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- **Assessment tiering adopted in 2021**
 - Intended to make fees more equitable for new construction
 - Residential addition oversight corrected November 2023
- **Existing residents assessed for minor home improvements**
 - Constrained housing market encouraging home renovations
 - Greater housing choice for affordability
- **Proposed exemption for first 800 sq./ft. of addition**
 - Policy discussion during fee updates



Board Discussion

- **Proceed with exemption ordinance update**
 - Exemption for first 800 square feet
 - Consider lower size for schools
 - Issue refunds as appropriate
 - Schools \$80,383 collected; Transportation \$89,773.69 collected

- **No changes to current process**
 - Address issue with next SIF and TIF studies