

Palm Beach County

Impact Fee Update Study

August 30, 2022

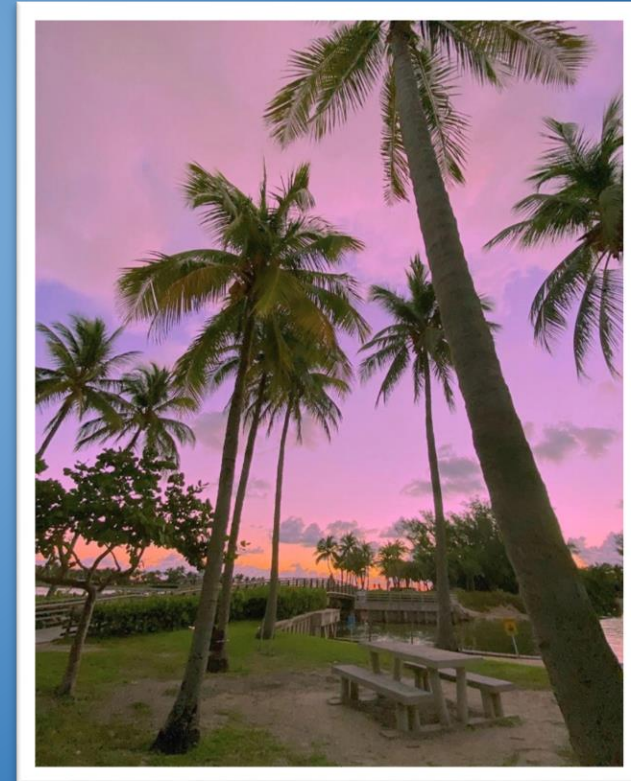


Tindale
Oliver is now >>  benesch



Presentation Overview

- 1) **Background/Purpose**
- 2) Extraordinary Circumstances
- 3) Fee Adoption Scenarios
- 4) Next Steps





Background/Purpose

- Palm Beach County:
 - ✓ 3rd largest county in population out of 67 counties (1.5 million)
 - ✓ 30th in terms of population growth rate (0.7 percent per year through 2050)
 - Range of population: 22,000 to 2.7 million
 - ✓ 5th in terms of absolute population growth
 - Projected to add 337,000 residents through 2050
 - ✓ 7th in terms of residential permitting levels
- Implemented impact fees in 1988
- Last updated in 2018
 - Most fees remained at 2012-study levels



Background/Purpose

- Study focus area:
 - ✓ Public Buildings
 - ✓ Fire Rescue
 - ✓ Law Enforcement
 - ✓ Library Facilities
 - ✓ Parks and Recreation Facilities
 - ✓ School Facilities
 - ✓ Transportation



Background/Purpose

Impact Fee Definition:

- One-time capital charge to new development
- Covers the cost of new capital facility capacity
- Implements the CIE and CIP



Background/Purpose

Why Impact Fees?

- Maintain current level-of-service (LOS)
- Calculate the cost of growth
- Potential large developments
- Most needed when:
 - High growth
 - Limited funding





Background/Purpose

Consumption-Based Methodology:

- Common methodology used by many Florida jurisdictions
- Charges new growth **based on its consumption of capacity**
- Fees are calculated at **a rate that cannot correct existing deficiencies**
- BOCC can adopt fees at a reduced rate
- Study uses the methodology approved by the Impact Fee Review Committee in 2019



Background/Purpose

Legal Requirements – F.S. 163.31801:

- Most recent and localized data
- Minimum of **90-day notice** for any fee increases after adoption
- May not collect prior to building permit
- Rational nexus in the amount of collection and expenditures
- May not use for prior debt or projects unless there is a nexus showing use for need due to new growth
- **In any action challenging the fee, the government has the burden of proof**
- Accounting of impact fee collections & expenditures



Background/Purpose

HB 7103 (2019):

- Allowed local governments to waive/reduce impact fees for affordable/workforce housing without offset
- Required indexing of developer credits when fees increase



Background/Purpose

HB 337 (2021):

- Limit on fee increases:
 - No more than 12.5% per year
 - Cannot be increased more than 50%
 - Cannot be increased more than once every four years
- Exception:
 - A study within the past 12 months demonstrating extraordinary circumstances
 - Two public workshops to discuss the extraordinary circumstances
 - Increase to be approved by 2/3rd of the governing body



Background/Purpose

Basic Impact Fee Formula:

Net Impact Fee =

(Cost – Credit) x Demand





Background/Purpose

Summary of Calculated Impact Fee Rates:

Land Use	Unit	Public Buildings	Fire Rescue	Law Enforcement	Library Facilities	Parks & Recreation	School Facilities	Transportation	Total Calculated	Total Adopted
Residential										
Single Family (2,000 sf)	du	\$1,572	\$628	\$222	\$311	\$2,332	\$8,322	\$5,892	\$19,279	\$13,055
Non-Residential										
Light Industrial	1,000 sf	\$465	\$154	\$57	-	-	-	\$2,633	\$3,309	\$1,683
Office (50,000 sf)	1,000 sf	\$950	\$85	\$116	-	-	-	\$5,847	\$6,998	\$3,610
Retail (125,000 sf gla)	1,000 sf gla	\$2,502	\$172	\$305	-	-	-	\$8,323	\$11,302	\$8,162



Background/Purpose

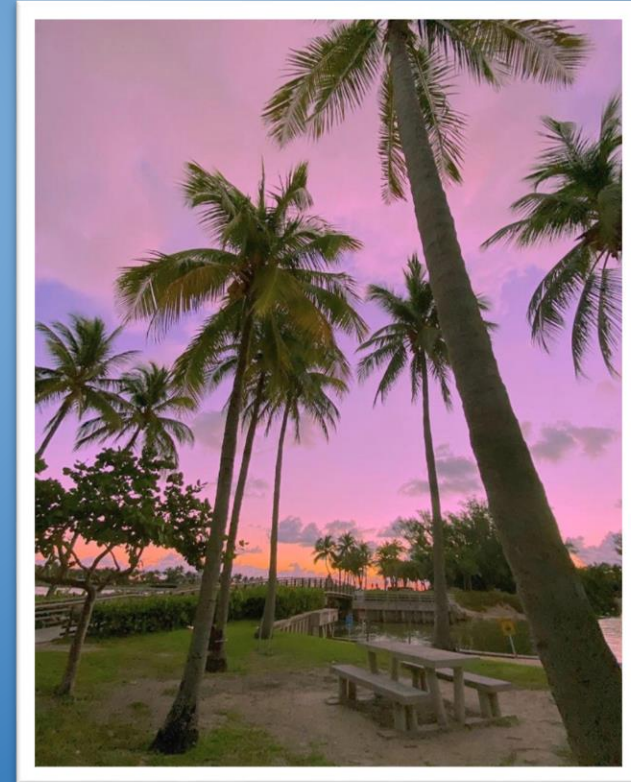
Summary of Maximum Allowable Impact Fee Rates:

Land Use	Unit	Public Buildings	Fire Rescue	Law Enforcement	Library Facilities	Parks & Recreation	School Facilities	Transportation	Total Max Allowable	Total Adopted
Residential										
Single Family (2,000 sf)	du	\$334	\$414	\$192	\$311	\$1,289	\$8,322	\$5,892	\$16,754	\$13,055
Non-Residential										
Light Industrial	1,000 sf	\$110	\$120	\$11	-	-	-	\$2,283	\$2,524	\$1,683
Office (50,000 sf)	1,000 sf	\$196	\$75	\$15	-	-	-	\$5,127	\$5,413	\$3,610
Retail (125,000 sf gla)	1,000 sf gla	\$490	\$181	\$86	-	-	-	\$8,323	\$9,002	\$8,162



Presentation Overview

- 1) Background/Purpose
- 2) **Extraordinary Circumstances**
- 3) Fee Adoption Scenarios
- 4) Next Steps





Extraordinary Circumstances

Definition

- Not defined in the Statutes
- Jurisdictions that utilized this clause indicated:
 - ✓ High growth levels/permitting
 - ✓ Outdated fees (in need of catching up)
 - ✓ Higher cost levels
 - ✓ List of projects that need funding



Extraordinary Circumstances

- Palm Beach County:
 - ✓ 3rd largest county in population out of 67 counties (1.5 million)
 - ✓ 30th in terms of population growth rate (0.7 percent per year through 2050)
 - Range of population: 22,000 to 2.7 million
 - ✓ 5th in terms of absolute population growth
 - Projected to add 337,000 residents through 2050
 - ✓ 7th in terms of residential permitting levels
 - ✓ Almost 8,000 units in 2021



Extraordinary Circumstances

Palm Beach County

- County Roads:
 - ✓ Increase in projected vehicle miles of travel through 2045: **34%**
 - ✓ Increase in lane miles: **8%**
 - ✓ Increased congestion



Extraordinary Circumstances

Palm Beach County

- Current fees are based on 8 to 10 years of data
- The technical study findings indicate increases over 50% for at least some of the land uses
 - ✓ Study cost figures are conservative in relation to current bids



Extraordinary Circumstances

Public Buildings/Law Enforcement

Revenue Projections

- Based on permitting levels from 2015+

- Full calculated rates ≈\$10.6 million per year



20 years to fund

- Max allowable rates ≈\$2.6 million per year



85 years to fund

- Examples of projects eligible for impact fee funding

- PBSO Shooting Range Expansion (≈\$9.5 M)

- Airport Center Building 3 (≈\$68 M)

- Atlantic Commons Civic Site (≈\$10 M)

- Main Courthouse Expansion/Annex (≈\$135 M the first phase)

Total ≈\$223
Million



Extraordinary Circumstances

Fire Rescue

Revenue Projections

- Based on permitting levels from 2015+

- Full calculated rates ≈\$1.3 million per year



16 years to fund

- Max allowable rates ≈\$0.9 million per year



23 years to fund

- Examples of projects eligible for impact fee funding

- Agricultural Reserve North Fire Station (≈\$7 M)

- Agricultural Reserve South Fire Station (≈\$6.2 M)

- Southern Blvd 20 Mile Bend Station (≈\$7.3 M)

Total ≈\$21
Million



Extraordinary Circumstances

Library Facilities

Revenue Projections

- Based on permitting levels from 2015+
 - Full calculated/max allowable rates ≈\$0.9 million per year
- Examples of projects eligible for impact fee funding
 - Canyon Branch Library: \$20.6 million



23 years to fund

Total ≈\$21
Million



Extraordinary Circumstances

Parks and Recreation

Revenue Projections

- Based on permitting levels from 2015+
 - Full calculated rates ≈\$8.0 million per year
 - Max allowable rates ≈\$4.6 million per year
- Examples of projects eligible for impact fee funding
 - See next slide



11 years to fund



19 years to fund

Total ≈\$85
Million



Extraordinary Circumstances

Parks and Recreation

Revenue Projections

- Examples of projects eligible for impact fee funding
 - Villages of Windsor Park: \$8 million
 - Milani Park: \$3 million
 - West Delray Regional Expansion: \$2 million
 - Okeehelie South Phase 3 Development: \$25 million
 - John Prince Park Mound Circle Phase 2: \$2.2 million
 - Karen Marcus Preserve Park: \$15 million
 - Lantana District "I" Property: \$15 million
 - Sansbury Way Property: \$15 million

Total ≈\$85
Million



Extraordinary Circumstances

School Facilities

Revenue Projections

- Based on permitting levels from 2015+
 - Full calculated rates ≈\$32.2 million per year
 - Max allowable rates ≈\$28.4 million per year



6 years to fund



7 years to fund

- Examples of projects eligible for impact fee funding
 - Scripps/Gardens Area ES: \$30 million
 - West Acreage Area ES: \$30 million
 - Western Communities HS: \$93 million
 - West Delray Area ES: \$42 million

Total ≈\$195
Million



Extraordinary Circumstances

Transportation

Revenue Projections

- Based on permitting levels from 2015+
 - Full calculated/maximum allowable rates ≈\$24.3 million per year
- Examples of projects eligible for impact fee funding
 - Boca Rio Rd. from Palmetto Park Rd. to Glades Rd.: \$8.5 million
 - Old Dixie Hwy from Yamato Rd. to S. Linton Blvd: \$12.0 million
 - Lyons Rd from Atlantic Ave to S. of Flavor Pict Rd: \$16.1 million
 - Lyons Rd from S. of Flavor Pict Rd to Boynton Beach Blvd: \$14 million
 - Flavor Pict Rd from Lyons Rd to Hagen Ranch Rd: \$18.7 million
 - Royal Palm Beach Blvd. from N. of Persimmon Blvd. to M Canal: \$8.3 million
 - Royal Palm Beach Blvd. from M Canal to S. of Orange Blvd: \$8 million
 - Royal Palm Beach Blvd./Orange Blvd./Coconut Blvd.: \$14 million
 - Okeechobee Blvd. Extension: \$60 million



7 years to fund

Total ≈\$160
Million



Extraordinary Circumstances

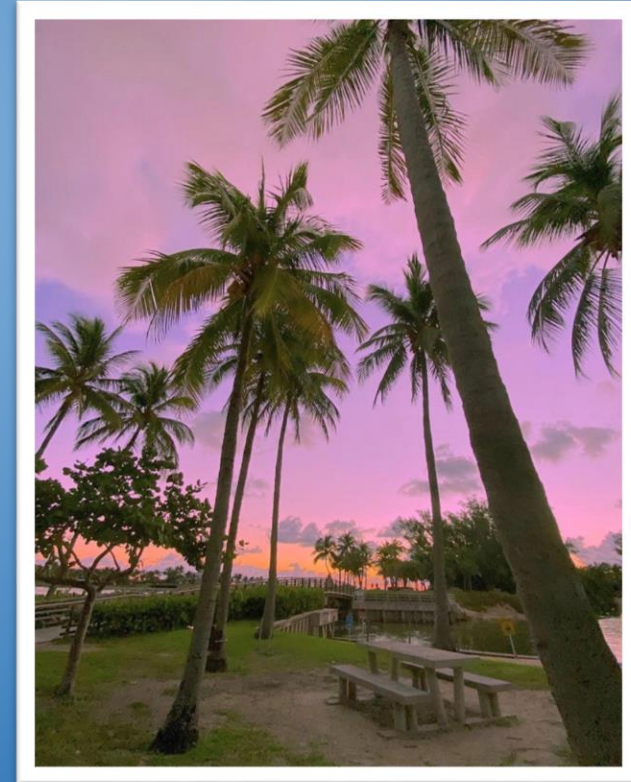
Available Options

- Growth pays for itself
- Current residents subsidize growth
- LOS degrades



Presentation Overview

- 1) Background/Purpose
- 2) Extraordinary Circumstances
- 3) **Fee Adoption Scenarios**
- 4) Next Steps





Public Buildings

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	Fee w/o Jail Facilities	HB 337 50% Cap	Res (2k sf) Neutral*	Res (2k sf) w/50% Inc**
Study Date	-	2012	2022	2022	2022	2022	2022
Assessed Portion	-	27%	n/a	n/a	n/a	14%	21%
Residential							
Residential (1,300 sf)	du	\$171	\$1,263	\$879	\$256	\$177	\$265
Residential (2,000 sf)	du	\$223	\$1,572	\$1,094	\$334	\$223	\$334
Non-Residential							
Light Industrial	1,000 sf	\$74	\$465	\$325	\$110	\$65	\$98
General Office	1,000 sf	\$131	\$950	\$663	\$196	\$133	\$200
Retail (40-150k sf)	1,000 sf gla	\$327	\$2,502	\$1,745	\$490	\$350	\$525

*Residential (2,000 sf) rate remains unchanged and other uses are adjusted proportionally

**Residential (2,000 sf) rate with 50% increase and other uses are adjusted proportionally



Fee Adoption Scenarios

Public Buildings

- **Residential Neutral:**

- 8 land uses exceed 50% increase
- Hotel/motel, restaurants, fast food, gas stations, etc.

- **Residential 50% Increase:**

- 14 land uses exceed 50% increase
- Hotel/motel, office, convenience market, restaurants, gas stations, etc.



Law Enforcement

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	HB 337 50% Cap	Single Fam. Neutral*	Single Fam. w/50% Inc**
Study Date	-	2012	2022	2022	2022	2022
Assessed Portion	-	95%	n/a	n/a	58%	86%
Residential						
Single Family	du	\$128	\$222	\$192	\$128	\$192
Multi-Family	du	\$70	\$134	\$105	\$78	\$115
Non-Residential						
Light Industrial	1,000 sf	\$7	\$57	\$10	\$33	\$49
General Office	1,000 sf	\$10	\$116	\$15	\$67	\$100
Retail (40-150k sf)	1,000 sf gla	\$57	\$305	\$85	\$177	\$262

*Single Family rate is remains unchanged and other uses are adjusted proportionally

**Single Family with 50% increase and other uses are adjusted proportionally



Fee Adoption Scenarios

Law Enforcement

- **Residential Neutral:**

- 23 land uses exceed 50% increase
- Office, retail convenience market, restaurants, gas stations, etc.

- **Residential 50% Increase:**

- 25 land uses exceed 50% increase
- Office, retail convenience market, restaurants, gas stations, etc.



Fire Rescue

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	HB 337 50% Cap	Single Fam. Neutral*	Single Fam. w/50% Inc**
Study Date	-	2018	2022	2022	2022	2022
Assessed Portion	-	95%	n/a	n/a	44%	66%
Residential						
Single Family	du	\$276	\$628	\$414	\$276	\$414
Multi-Family	du	\$185	\$382	\$277	\$168	\$252
Non-Residential						
General Industrial	1,000 sf	\$80	\$154	\$120	\$68	\$102
General Office	1,000 sf	\$50	\$85	\$75	\$37	\$56
General Retail	1,000 sf gla	\$121	\$172	\$172	\$76	\$114

*Single Family rate is remains unchanged and other uses are adjusted proportionally

**Single Family with 50% increase and other uses are adjusted proportionally



Fee Adoption Scenarios

Fire Rescue

- Residential Neutral:
 - 0 land uses exceed 50% increase
- Residential 50% Increase:
 - 6 land uses exceed 50% increase
 - Warehouse, church, private school, movie theater, etc.



Library Facilities

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	HB 337 50% Cap	Res (2k sf) Neutral*	Res (2k sf) w/50% Inc**
Study Date	-	2012	2022	2022	2022	2022
Assessed Portion	-	75%	n/a	n/a	78%	-
Residential						
800 sf or less	du	\$125	\$181	\$181	\$141	-
801 to 1,399 sf	du	\$186	\$249	\$249	\$194	-
1,400 to 1,999 sf	du	\$212	\$283	\$283	\$221	-
2,000 to 3,599 sf	du	\$243	\$311	\$311	\$243	-
3,600 sf or more	du	\$267	\$334	\$334	\$261	-

Residential Neutral:

- No land uses exceed 50% increase

Residential 50% Inc.:

- n/a

*Residential (2,000 sf) rate remains unchanged and other uses are adjusted proportionally

**Residential (2,000 sf) rate with 50% increase and other uses are adjusted proportionally



Parks & Rec Facilities

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	Fee w/o Land Component	HB 337 50% Cap	Res (2k sf) Neutral*	Res (2k sf) w/50% Inc**
Study Date	-	2012	2022	2022	2022	2022	2022
Assessed Portion	-	95%	n/a	n/a	n/a	37%	55%
Residential							
800 sf or less	du	\$366	\$1,361	\$860	\$548	\$504	\$749
801 to 1,399 sf	du	\$734	\$1,865	\$1,179	\$1,101	\$690	\$1,026
1,400 to 1,999 sf	du	\$788	\$2,122	\$1,341	\$1,182	\$785	\$1,167
2,000 to 3,599 sf	du	\$860	\$2,332	\$1,474	\$1,289	\$860	\$1,290
3,600 sf or more	du	\$818	\$2,503	\$1,582	\$1,227	\$926	\$1,377

*Residential (2,000 sf) rate remains unchanged and other uses are adjusted proportionally

**Residential (2,000 sf) rate with 50% increase and other uses are adjusted proportionally



Fee Adoption Scenarios

Parks & Recreation

- **Residential Neutral:**

- 1 land use exceeds 50% increase
- Hotel/motel

- **Residential 50% Increase:**

- 4 land uses exceed 50% increase
- Single family (<800 sf and >3,600 sf), hotel/motel, congregate living facility



School Facilities

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	HB 337 50% Cap	Res (2k sf) Neutral*	Res (2k sf) w/50% Inc**
Study Date	-	2018	2022	2022	2022	2022
Assessed Portion	-	95%	n/a	n/a	79%	-
Residential						
800 sf or less	du	\$2,362	\$7,331	\$3,543	\$5,791	-
801 to 1,399 sf	du	\$4,330	\$8,775	\$6,495	\$6,932	-
1,400 to 1,999 sf	du	\$6,153	\$8,096	\$8,096	\$6,396	-
2,000 to 3,599 sf	du	\$6,608	\$8,322	\$8,322	\$6,608	-
3,600 sf or more	du	\$6,506	\$6,397	\$6,397	\$5,054	-

*Residential (2,000 sf) rate remains unchanged and other uses are adjusted proportionally

**Residential (2,000 sf) rate with 50% increase and other uses are adjusted proportionally



Fee Adoption Scenarios

School Facilities

- Residential Neutral:
 - 2 land uses exceed 50% increase
 - Single family (<800 sf and 801 to 1,399 sf)
- Residential 50% Increase:
 - n/a



Roads

Impact Fee Adoption Scenarios

Land Use	Unit	Current Adopted	Fully Calculated	HB 337 50% Cap	Single Fam. Neutral*	Single Fam. w/50% Inc**
Study Date	-	2012/2018	2022	2022	2022	2022
Assessed Portion	-	95%	n/a	n/a	80%	-
Residential						
Single Family	du	\$4,717	\$5,892	\$5,892	\$4,717	-
Multi-Family (low-rise)	du	\$2,929	\$3,987	\$3,987	\$3,190	-
Non-Residential						
Light Industrial	1,000 sf	\$1,522	\$2,633	\$2,283	\$2,106	-
General Office	1,000 sf	\$3,418	\$5,847	\$5,127	\$4,678	-
Retail (40-150k sf)	1,000 sf gla	\$7,656	\$8,323	\$8,323	\$6,658	-

*Single Family rate is remains unchanged and other uses are adjusted proportionally

**Single Family with 50% increase and other uses are adjusted proportionally



Fee Adoption Scenarios

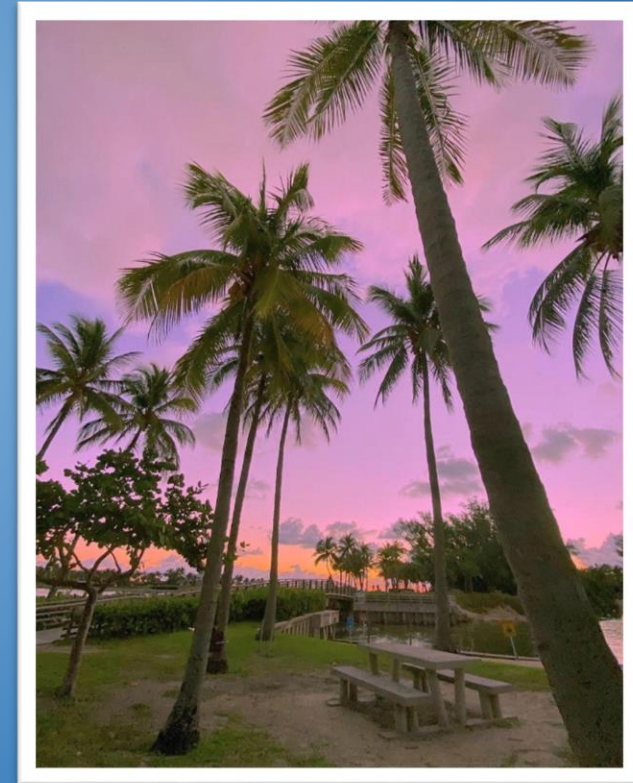
Roads

- Residential Neutral:
 - 10 land uses exceed 50% increase
 - Medical office (>10k sf), restaurant, fast food, gas station, etc.
- Residential 50% Increase:
 - n/a



Presentation Overview

- 1) Background/Purpose
- 2) Extraordinary Circumstances
- 3) Fee Adoption Scenarios
- 4) **Next Steps**





Next Steps

- BOCC Input/Direction
- 2nd Hearing: September 13
- Fees become effective 90-days after adoption





Questions?

