



City of Avondale

**ACCELERATE NOW DEVELOPMENT
IMPACT FEE PROGRAM UPDATE**

November 21, 2016



Development impact fees

- Development impact fees - A fee on new or proposed development to pay all or a portion of the capital cost of necessary public services
- Maximum supportable fee – The fee amount per unit, that is based upon the calculated costs of providing necessary public services to new development (from IIP)
- Cities cannot charge a development fee greater than the maximum supportable fee; However, Council may elect to charge less than the maximum supportable fee



Background

- May 2014 – Council adopted maximum supportable fee
- January 2015 – Council goal setting retreat directed staff to present options to spur residential and commercial growth
- May 2015 – Staff presented 3 options
- June 2015 – Council adopted Resolution 3256-615 creating incentive fund



City of Avondale Building Permits

	Net residential permits
FY 2000-01	2,030
FY 2001-02	1,873
FY 2002-03	1,612
FY 2003-04	1,965
FY 2004-05	1,846
FY 2005-06	1,194
FY 2006-07	844
FY 2007-08	195
FY 2008-09	71
FY 2009-10	117
FY 2010-11	21
FY 2011-12	11
FY 2012-13	25
FY 2013-14	51
FY 2014-15	68
FY 2015-16	215
FY 2016-17 1 st Qtr	89



Resolution 3256-615

- In an effort to spur residential and commercial growth the resolution reduced development fees by 20%:
 - SFR reduced from \$17,707 to \$14,166
 - Directed staff to fund the program at \$2.0M for FY 2015-16 and include for Council consideration in the amount of \$2.0M for FY 2016-17 and FY 2017-18
 - Required annual analysis of the program impact for the prior year and a forecast for the upcoming year



Objectives

- Spur residential and commercial growth
- Increase revenues available for investment in infrastructure projects
- Generate additional one-time revenue to cover program costs
- Increase residential growth rate to avoid reductions in State Shared Revenues
- Assist residential subdivisions that had vacant lots and incomplete infrastructure
- Ultimately, increase on-going revenue for the City



FY 2016 Expenditures

	Units	Total
Multi-family	81	\$56,857
Commercial	9	\$230,414
Residential	215	\$779,793
Total		\$1,067,064



Increase in Revenues

		FY 2015	FY 2016	Increase
Building Permits		\$479,000	\$721,000	\$242,000
Construction ST		\$1,138,000	\$1,455,000	\$317,000
Total		\$1,617,000	\$2,176,000	\$559,000

		FY 2015	FY 2016	
Development Fees		\$2,316,000	\$5,312,000	\$2,996,000
SSR - On-going				\$339,000



Outcomes

- Residential permits increased by 216% over FY 2015
- 215 residential permits in FY 2016 is greater than the previous five years combined
- Increases in one-time revenue are on-track to cover costs of program
- Collected an additional \$3.0M of development fees to fund growth related projects



Outcomes

- State Shared Revenues are projected to increase
- Development community has indicated there is renewed interest in Avondale, as a result of the program
- Subdivisions, such as Del Rio Ranch and Roosevelt Park have experienced significant new building activity



FY 2017 1st QTR

- 89 SFR permits – projects to 350 for the year
- \$623,141 expended to date – projects to \$2.0m for the year
- Building permit revenue collected \$550,000 – projects to \$2.2M (increase of \$1.7M over 2015)
- Construction Sales Tax collected \$645,000 – projects to \$2.6M (increase of \$1.5M over 2015)
- 350 new homes would projects to increase SSR by an additional \$385,000



Recommendation

- For information and Discussion – Staff will include the program in the City Manager’s recommended budget for FY 2017-18 for Council consideration, as directed in the Resolution