



City of Avondale

**ACCELERATE NOW DEVELOPMENT  
IMPACT FEE PROGRAM**

April 10, 2017



# 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, directing staff to include the incentive in the budget for 3 years



# Objectives

- Spur residential and commercial growth
- Increase revenues available for investment in infrastructure projects
- 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



# 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 2nd Qtr	182



# 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 1<sup>st</sup> QTR

- 182 SFR permits – projects to 364 for the year
- \$888,635 expended to date – projects to \$1.8m for the year
- Building permit revenue collected \$765,000 – projects to \$1.5M (increase of \$1.0M over 2015)
- Construction Sales Tax collected \$1,394,000 – projects to \$2.78M (increase of \$1.7M over 2015)
- 364 new homes would projects to increase SSR by an additional \$404,000



# Recommendation

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



## Avondale's History with DF

- 1998 - \$5,495
- 2002 - \$9,999
- 2006 - \$18,201
- 2012 - \$16,298
- 2014 - \$17,707