



Accelerate Now Update

City Council
April 23, 2018



Purpose

- Staff will update the Mayor and City Council on the Accelerate Now program.



Background

- Goal setting retreat January 2015 – present options to spur residential and commercial growth



History of Permits and Fees

	Residential permits	Development Fee	Effective Date
FY 00-01	2,030	\$5,495	1998
FY 01-02	1,873		
FY 02-03	1,612	\$9,999	10/2002
FY 03-04	1,965		
FY 04-05	1,846		
FY 05-06	1,194		
FY 06-07	844	\$18,021	3/2007
FY 07-08	195		
FY 08-09	71		
FY 09-10	117		
FY 10-11	21		
FY 11-12	11	\$16,928	1/2012
FY 12-13	25		
FY 13-14	51		
FY 14-15	68	\$17,707	8/2014
FY 15-16	215	\$14,166	6/2015
FY 16-17	262		
FY 17-18 To-date	158		



Background

- Goal setting retreat January 2015 – present options to spur residential and commercial growth
- May 2015 – Three options
 - Maintain current fee
 - Permanently reduce fee fixed amount
 - Create incentive fund that would be evaluated annually
- June 2015 - Council adopted resolution 3256-615 creating an impact fee incentive program reducing impact fees by 20% (from \$17,707 to \$14,166).



Utilization of Funds

	2016	2017	2018 (Jul-Mar)	Total
SF Residential	\$779,792	\$913,765	\$556,566	\$2,250,123
Multi-family	\$56,857	\$0	\$383,268	\$440,125
Commercial	<u>\$230,414</u>	<u>\$399,710</u>	<u>\$190,430</u>	<u>\$820,554</u>
Total	\$1,067,064	\$1,313,475	\$1,130,264	\$3,510,802
Number of permits				
SF Residential	215	262	158	635
Multi-family	66	0	400	466
Commercial	8	8	5	21



Commercial Projects

- Main Event
- Sportsman's Warehouse
- Gateway Village
- Gateway Crossing
- Copper State Rubber
- Coldwater Depot
- Legacy House



Did the program pay for itself?

	BP Revenue	Increase over 2015	Construction ST	Increase over 2015
2015 (base)	\$479,450		\$1,138,432	
2016	\$721,822	\$242,372	\$1,445,512	\$307,080
2017	\$1,375,810	\$896,360	\$2,948,033	\$1,809,601
2018 Proj.	\$1,444,600	\$965,150	\$3,468,000	\$2,329,568
Increase over 2015		\$2,103,882		\$4,446,249



Did Accelerate Now meet Council's goals

- Residential permits increased 216% in FY 2016 and 285% in FY 2017.
- 215 residential permits in FY 2016 was greater than the permits issued the previous 5 years combined
- Increases in building permit and construction sales tax revenue has more than covered the costs of the program
- Since FY 2015, the City has collected over \$9.15M in SF residential development fees that will be used to fund growth related infrastructure
- State Shared revenues are projected to increase by over \$1.2M annually because of the new growth
- Subdivisions, such as Del Rio Ranch and Roosevelt Park, have seen significant new activity after having little building activity for several years



Options regarding Accelerate

Now:

- Council authorized the subsidy of 20 percent of the city's development impact fee and budgeted up to \$2M per year for three years.
- Goal was to spur development activity after the Great Recession.
- The third year of this program will end June 30, 2018.
- Economic activity has increased as the economy has improved.
- The US has seen 17 quarters of economic growth and GPEC predicts another 6 quarters before another downturn occurs.



Options re subsidy to encourage growth:

- Abide by original plan and end subsidy entirely after June 30. Re-evaluate annually depending on the economy.
- Allocate less than \$2M and reduce and/or taper off subsidy over the next year.
- Instead of the dev fee subsidy, add funds to the City Economic Opportunity Fund and target specific, desired types of development.
- Continue Accelerate Now program as it has been for another year and allocate another \$2M.