

Subject: Harris County Impact Fee Study Summary of Status and Options

To: Harris County Board of Commissioners

From: Lee Walton, Wood; Paige Hatley, Hatley Plans; Bill Ross, Ross+associates

This memorandum reports the status of the Impact Fee Study, presents current options for the Board of Commissioners, and accompanies notes from the March 25, 2022 meeting of the Advisory Committee.

1. Impact Fee Study Status

The following summarizes the recent history of the Impact Fee Study Process:

- The Impact Fee Methodology Report was completed in the Fall of 2021, following a draft report review meeting with the Impact Fee Advisory Committee (held on September 14, 2021).
- The draft Community Improvements Element (CIE), based on the Methodology Report, was completed in December 2021 and provided for Board of Commissioners review prior to the January 4, 2022 Commissioners Meeting, during which a Transmittal Resolution was unanimously approved.
- The CIE was formally transmitted to River Valley Regional Commission (RVRC) on January 6, 2022.
- The draft Impact Fee Ordinance was completed (with placeholder for fee schedule) and provided for Board of Commissioners review, along with briefing slides, prior to the February 24, 2022 Board of Commissioners Retreat, during which discussion was held about the draft ordinance, fee schedule options, and related. The Board of Commissioners directed holding an Advisory Committee meeting as the next step in the process.
- The Impact Fee Advisory Committee met on March 25, 2022. Notes documenting committee discussion and recommendations are attached to this memo.
- Harris County (Andrea Dzioba) was informed by River Valley Regional Commission (Rick Morris) on March 28, 2022 that the CIE submitted to RVRC on January 6, 2022 was not subsequently put into the review process. RVRC initiated the CIE review process on April 1, 2022. The CIE review process must be completed, and the CIE must receive approval by the Georgia Department of Community Affairs prior to Harris County adopting an impact fee ordinance.

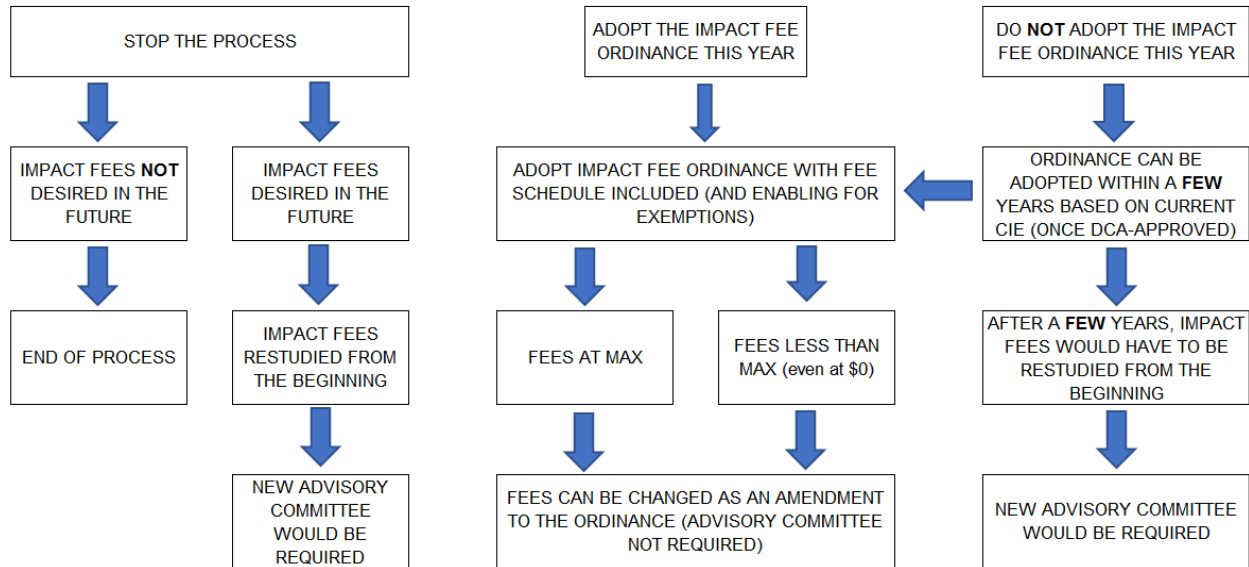
2. Options

Current options available to the Board of Commissioners are illustrated in the "Impact Fee Decision Tree" on the following page, and may be summarized as follows:

- **Complete the Process and Adopt the Impact Fee Ordinance This Year** – Following Georgia DCA approval of the CIE, the County will be cleared to adopt an ordinance. The text of the ordinance is established with exception of the fee schedule which must be included. The fee schedule may be adopted at the maximum level, at less than maximum level, or even with \$0 fees upon adoption. Prior to adoption, the Board must decide on the desired fee schedule to include in the ordinance. The fee schedule may be changed at any point in the future as an amendment to the ordinance.
- **Complete the Process but Do Not Adopt the Impact Fee Ordinance This Year** – The Board may put the process on pause to be resumed in the near future. The draft ordinance, based on the completed Methodology Report and an approved CIE, can be adopted within a few years, including a rate schedule to be determined by the Board of Commissioners prior to ordinance adoption. After a few years, the projections and calculations in the Methodology Report that inform the CIE and maximum fees determination would become outdated and the impact fee study process would need to restart from the beginning, with new Advisory Committee, process of public hearings, etc.
- **Stop (Cancel) the Impact Fee Study Process** – The Board may determine that, based on Advisory Committee recommendations and review of the Methodology Report, CIE, and draft Impact Fee

Ordinance, the appropriate action is to stop the Impact Fee Study process and take no further action. Should a future Board decide that impact fees are desired, a new study process would be required with a new Advisory Committee, new process of public hearings, etc.

IMPACT FEE DECISION TREE



2b. Fee Schedule Options

As indicated in the attached Advisory Committee Meeting notes, there was discussion of impact fee schedule options resulting in recommendation by the majority present to impose no impact fees, and a minority recommendation to set the impact fee schedule at a range equivalent to \$2,500 - \$3,000 per residence with emphasis on Parks & Recreation impact fees (residential only) and lesser emphasis on other categories (also including exemptions for commercial development to the extent practical).

The Board of Commissioners has the option to set fee schedules anywhere in the range from maximum allowable to \$0 for each of the categories, independently. Below is a summary of fee schedule options that gives consideration to the expressed desire to reduce or eliminate impact fees on commercial.

- **\$0 Impact Fee level in All Categories** – This does not result in collection of any impact fees until changed, but effectively completes the process of the impact fee study, not requiring start from beginning in the future if desired.
- **Maximum Impact Fee Level for Parks & Recreation, \$0 for All Other Categories** – This equates to an impact fee of \$1,535 per residence (including each single-family house and each apartment unit) and no impact fees on non-residential development.
- **Maximum Impact Fee level for Parks & Recreation and Less Than Max for All Other Categories** – For example, if based on a target of \$3,000 fee per residence (less than 1% of recent average sale price), this would include \$1,535 for Parks/Rec. and less than 30% of allowable max for all other categories. Impact fees for commercial/industrial would be at less than 30% of maximum. Exemptions may be applied for commercial/industrial per Board-approved criteria.
- **Other Variations** – The impact fee % for each category can be set individually, from \$0 to max.
- **Maximum Across the Board** – Results in total impact fee of \$7,042 per residential unit plus impact fees for commercial/industrial per the max fee schedule; exemptions may still apply per set criteria.

Harris County Impact Fee Advisory Committee Meeting

March 25, 2022

4:30 pm

Harris County Library Conference Room

Summary Notes from Advisory Committee Discussion

Compiled by:

Andrea Dzioba, Harris County

and Lee Walton, Wood

Committee Members Present: Mike Fuson, Meghan Guenther, Edgar Hughston, Lisa Scully, Morgan Marlowe, Patty Wallace, Taylor Griffin.

Committee Members Absent: Jack McClung, Ricky Turnage, Lee Starling.

County Staff Present: Randy Dowling, County Manager; Andrea R. Dzioba, County Clerk.

Moderators: Lee Walton of Wood, PLC; Bill Ross of Ross & Associates.

Meeting Overview:

Mr. Walton welcomed everyone and introduced Bill Ross. Mr. Walton informed the Advisory Committee that the Capital Improvements Element (CIE) was submitted in January and is awaiting a response from the Georgia Department of Community Affairs (DCA). He then turned the meeting over to Mr. Ross who gave a PowerPoint presentation providing an Advisory Committee Briefing to the Advisory Committee.

Discussion included the following key topics and points:

- That impact fees would apply to residential, commercial and other land use categories as described in the Methodology Report reviewed at the previous Advisory Committee meeting;
- that the Impact fees related to residential are calculated “per dwelling” and not based upon value or square footage;
- that the fee schedule presented in the Methodology Report demonstrates the maximum justified impact fee specific to Harris County and that the Advisory Committee can recommend that the impact fee schedule in the ordinance be anywhere from zero up to the maximums allowed;
- that exemptions may apply if a project creates extraordinary economic development and employment growth or affordable housing according to specific policies and criteria that Harris County Board of Commissioners may establish, enabled by the impact fee ordinance;

- that when an exemption is made for a project, Harris County would need to make up for those impact fee reductions for a specific project by reallocating funds into the impact fee fund from a different County fund/source;
- that land use categories (e.g. commercial) cannot be eliminated from impact fees overall, but the Advisory Committee can decide what percentage of the maximum allowable fee to recommend to the Board of Commissioners for each category, including recommending zero impact fees for a category (related, it was pointed out by Walton and Ross that there are no commercial impact fees in the Parks & Recreation category, thus if impact fees are collected for Parks & Recreation only they would apply to residential development only);
- that the maximum impact fee levels, as calculated in the Methodology Report in a manner consistent with the requirements of the State of Georgia Development Impact Fee Act (DIFA), are generally higher for commercial projects than residential due to the density of usage of the project;
- that there are impact fee schedule reduction options available via exemption, individual fee assessment, and individual appeals, all of which are enabled by the draft language of the impact fee ordinance;
- that the impact fee schedule could be reviewed and amended by the Board of Commissioners in the future;
- that the Methodology Report is the basis for the maximum impact fee calculations;
- that residential development is the current greatest portion of growth in Harris County and has been historically;
- that although there may not be deficits in all services currently, future capacity limitations could cause a deficit, or reduction in level of service;
- that impact fees help shift the burden to those increasing the demand;
- that there are fewer funding options for Parks and Recreation than there are for other infrastructure and community services, such as water and sewer;
- that what the impact fee funds are spent on is decided from year-to-year by the Board of Commissioners in the same manner as the annual County budget is established;
- that broadband is not one of the items for which impact fees can be collected;
- that an impact fee program annual report is provided to the Georgia Department of Community Affairs (DCA);
- that a 20-year time frame was used for projections in the Methodology Report;
- that the County does not pay impact fees for its own projects;
- that it would require another Methodology Report to show a change in calculation of numbers and that another Methodology Report could be completed later but usually is considered every five (5) years or so due to the approximate cost of \$80,000.00 for same;
- that the Advisory Committee is to advise and provide their recommendation to the Board of Commissioners;

- and that the Board of Commissioners would not be required to have an Advisory Committee in the future unless desired by them, and that the law requires an Advisory Committee prior to the adoption of a development impact fee ordinance.

Advisory Committee recommendations:

Following discussion, the Harris County Impact Fee Advisory Committee majority present [6 (Scully, Hughston, Marlowe, Wallace, Griffin, Fuson) to 1 (Guenther)] recommended that the Board of Commissioners not adopt the Impact Fee Ordinance. Guenther recommended setting an impact fee schedule in the range of \$2,500 to \$3,000 per new residence, including collecting the maximum allowable amount for Parks & Recreation plus a percentage of other categories, and providing exemptions for commercial to the maximum extent practical.

Meeting adjourned at 6:58 PM.