

FEFPA

Florida Educational Facilities Planners' Association

School Impact Fees 102; A Refresher Course

1CM AICP # 9271995

Presented by:

Nilgün Kamp, AICP (Benesch) & Saralee L. Morrissey, FAICP (SMC)

July 11, 2023



Meet the Presenters



Nilgün Kamp, AICP

Director of Public Finance (Benesch)



Saralee L. Morrissey, FAICP

Founder (Saralee Morrissey Consulting)
Chair, APA Public Schools + Communities

Presented by



Overview



Basics 101



Methodology



Process



Projects



Basics 101

- Impact fees are one-time payments associated with new development and used to fund capital improvements necessitated by the “impact” of that new development.
- Florida Statute 163.31801 is the state enabling act.
- Established best practices for impact fees have been through the courts, especially about “rational nexus” and proportionality. There must be a “rational nexus” or “reasonable benefit” between the fee and the impact created by a specific development.
 - St. Johns County v Northeast Florida Builders Association, 583 So.2d 635 (Fla. 1991)



Basics 101

- Impact fees cannot be used to fund operations or maintenance.
- School impact fees cannot address (pre)existing deficiencies.
- Impact fees must be supported by a study discussion in methodology section
- School impact fees must be expended in a reasonable amount of time. What is reasonable?



Basics 101

- Unique to school impact fees, there should be a provision for a fee waiver in developments that are deed restricted for no less than 30 years to residents over age 55. Specific provisions in the ordinance should require recorded restrictive covenants for such developments.
 - Volusia County v. Aberdeen at Ormond Beach, L.P., 760 So. 2d 126 (Fla. 2000)

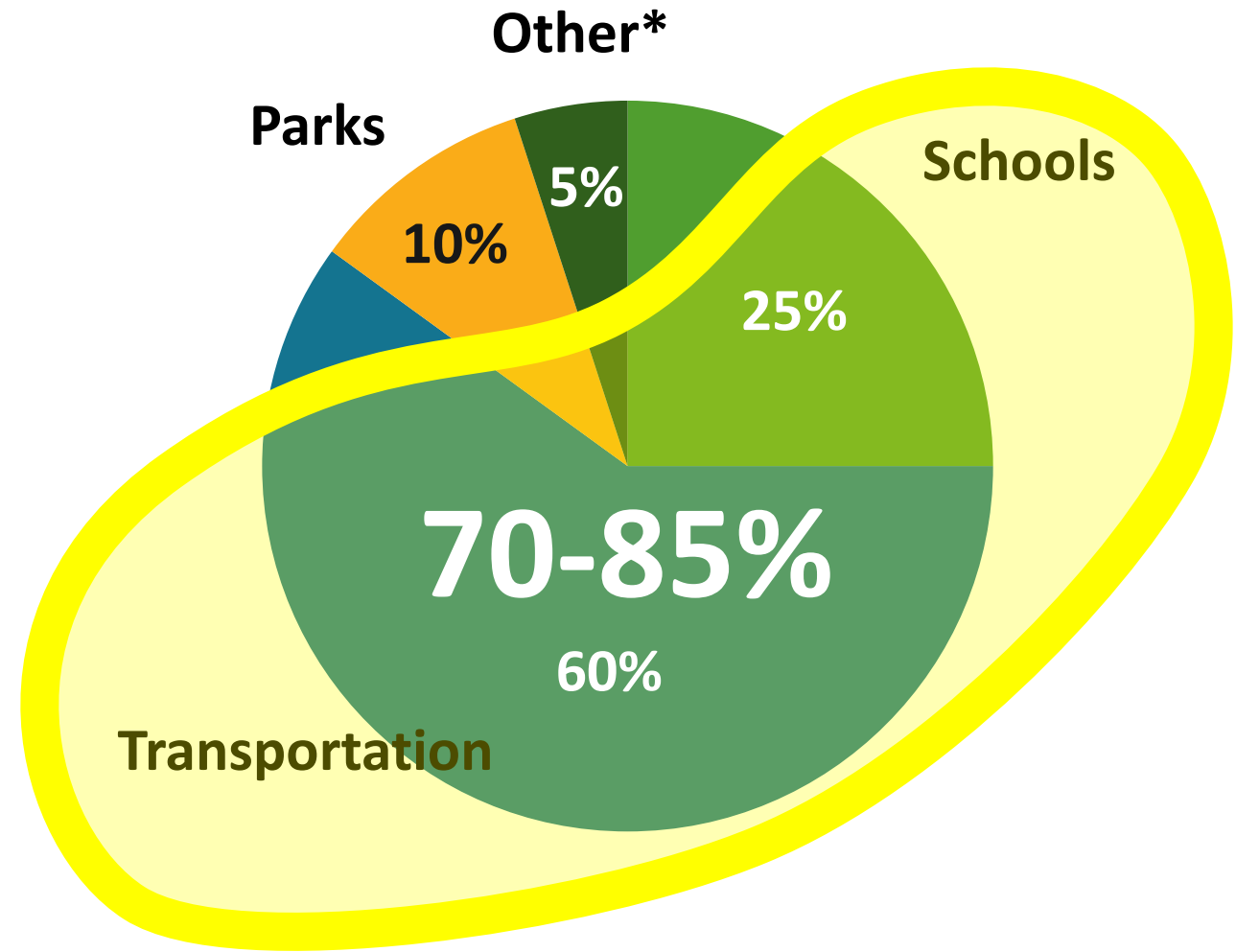


Basics 101

- Impact fee payments are paid no earlier than building permit.
- Refunds should be addressed in the ordinance.
- Credits for land donations and other construction is required on a \$\$ for \$\$ basis.
- Countywide vs Smaller Zones
- Impact fees cannot be deposited in the District School Board's General Fund. They should be in a separate account and reported independently of other capital funds.

Why Impact Fees: Capital Cost

School infrastructure is very expensive and high operating costs...



*Other = Fire/EMS, Correctional, Law Enforcement, Public Bldgs., Solid Waste, Libraries

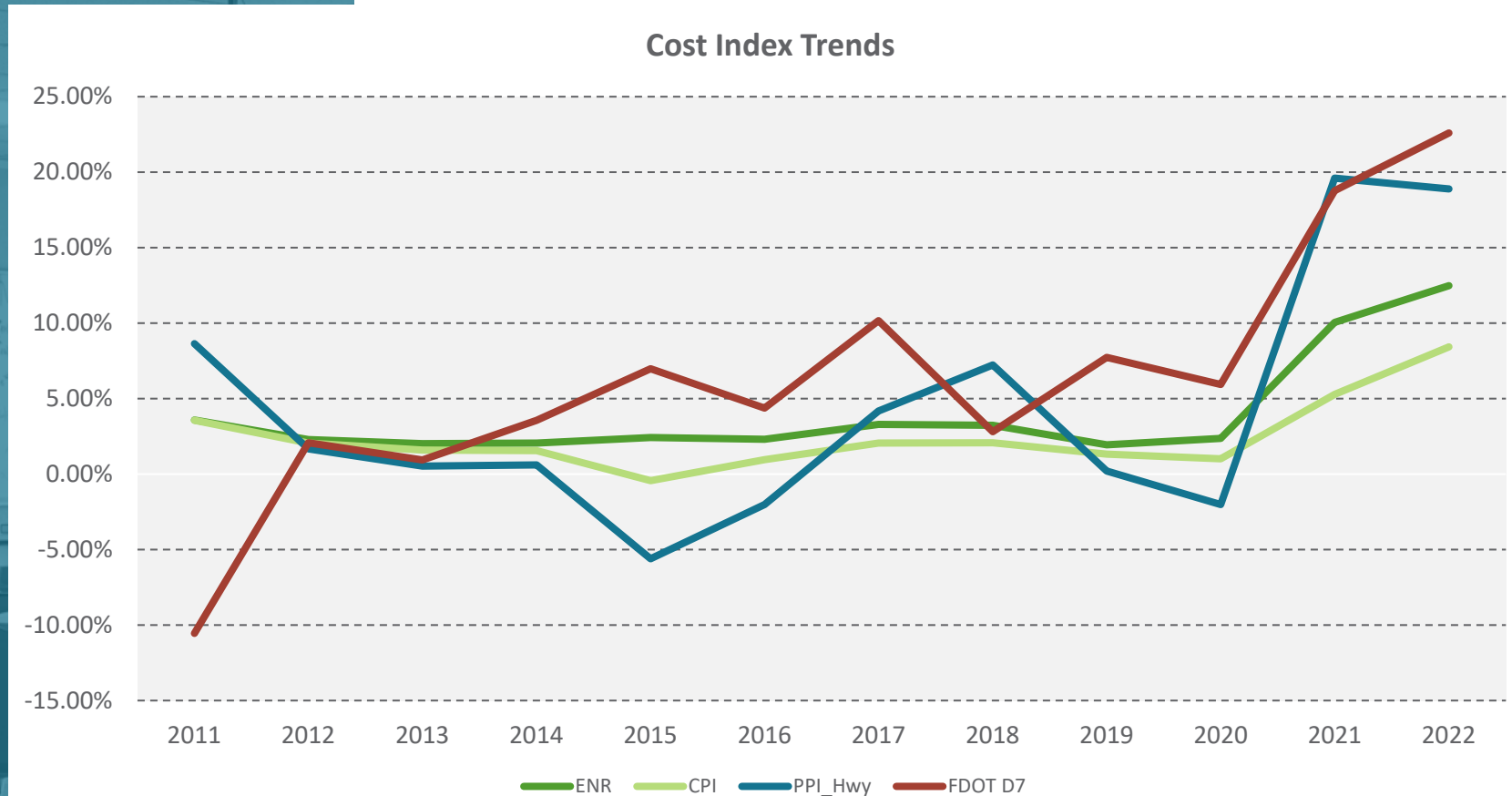
Presented by



Why Impact Fees: Capital Cost

Changes in Cost Indices (2017-2022)

- Building Cost Index from ENR **≈33%**
- Consumer Price Index (CPI); Equipment Cost **≈19%**
- Producer Price Index (PPI); Hwy & Street Construction **≈50%**
- FDOT District 7 Long Range Estimates **≈71%**
- FDOE Student Station Cost Index = **23%**



Why Impact Fees: Investment in Capacity is Expensive

Elementary Schools

\$20 - \$35
Million

Middle Schools

\$40 - \$75
Million

High Schools

\$100 - \$200
Million

Why Impact Fees: Funding Options Primary Revenue Sources for Capital Facilities



Ad Valorem

- Capital Millage (Maint/Renovation/New)



Local Option Sales Tax

- Capital (Maint/Renovation/New)



State Contributions

- Operating & Capital



Impact Fees

- Capital (New/Expansion Only)

Why Impact Fees: Available Revenue Sources



State Funding – Declining for Capital



Capital Millage – Declining

- a. Decreased from 2 mills to 1.5 mills in 2009
- b. HB 1259 (2023): Allocation to Charter Schools



½-cent School Sales Tax



Impact Fees

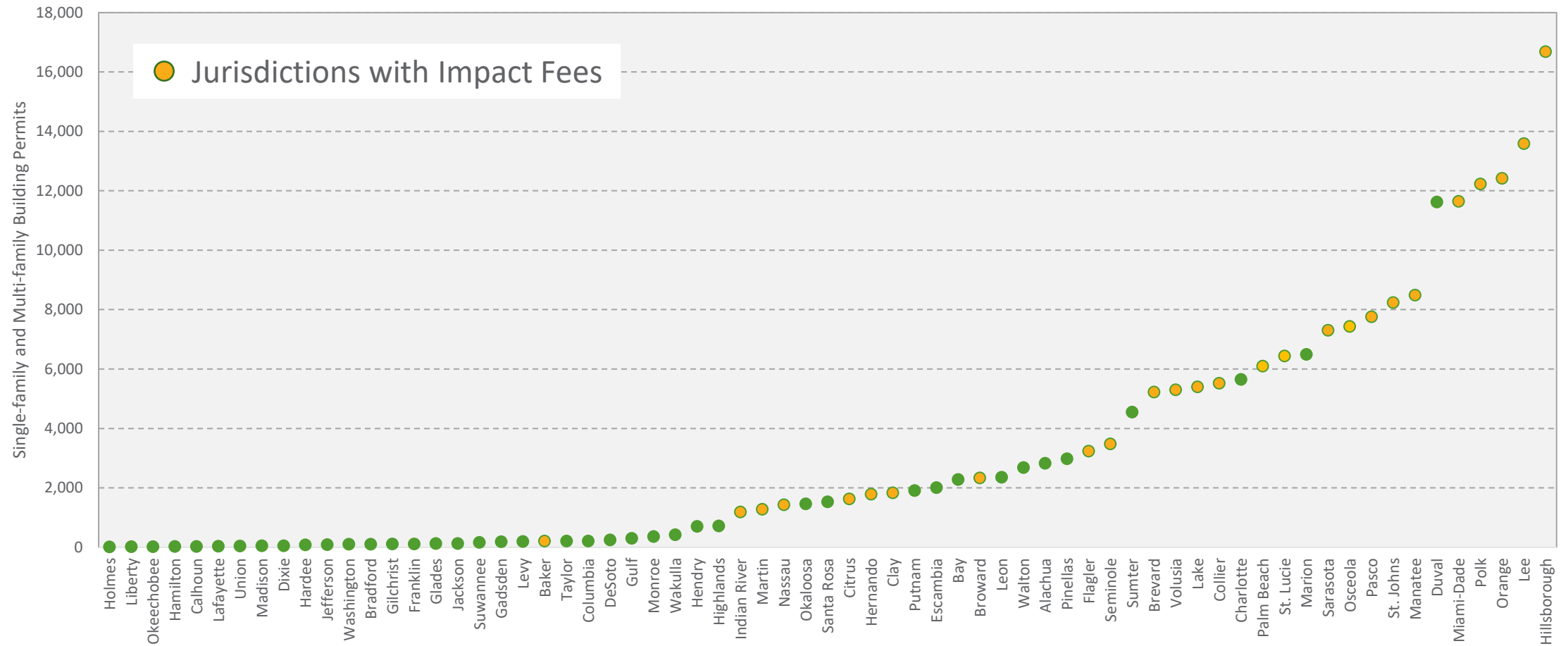


Concurrency/Proportionate Share Payments –
Declining/no additional revenues

Presented by



Why Impact Fees: Residential Building Permits 2022 vs. Implementation of School Impact Fees



Source: U.S. Census Bureau

Presented by



Impact Fee Methodology



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**

Impact Fee Methodology



Basic Impact Fee Formula

Net Impact Fee =

$(\text{Cost} - \text{Credit}) \times \text{Demand}$



Asset Value per Student



Non-Impact Fee Revenue per Student



Students per Residential Unit

Impact Fee Methodology



Cost Component

- Cost component includes buildings, land, yellow and white fleet
 - Higher costs result in higher impact fees
- Facility Cost per Student Station:
 - All costs necessary to build schools
 - Architect/site improvements
 - Construction
 - Furniture, fixtures, and equipment (FF&E)
 - Land purchase
- Estimated Cost per Station:
 - Local Studies: **\$40,000 - \$75,000**
 - FDOE Costs: **\$27,500 - \$38,500**

Impact Fee Methodology



Credit Component

- Credit component measures future development's contribution through other funding sources
 - Lower credits result in higher impact fees
- As other revenue sources are depleted/no longer available, credit decreases

Impact Fee Methodology



Demand Component

- Demand Component measured in terms of **Student Generation Rates**
 - Number of students per housing unit
 - **Ensures proportionality**
 - Residential categories that generate more students pay a higher fee
 - Based on current student addresses matched with land use classification
 - Single Family
 - Apartment/Duplex
 - Condominium
 - Townhouse
 - Mobile Home/MHP

Impact Fee Methodology



Proportionality

- Impact fee studies calculate **maximum fees** based on cost of growth
- Elected officials can make the policy decisions to discount the fees for **all categories equally**
 - Exception: HB 7103 (2019) – Allowed local governments to waive/reduce impact fees for **affordable/workforce housing**

Impact Fee Methodology



HB 337 (2021)

- Sets limits on fee increases
 - **Up to 25%:** Over two years
 - **25% to 50%:** Over four installments
 - May not be increased more than **50% (cap)**
 - May not be increased more than every **four years**
 - Unintended consequence: At times **distorts proportionality**
- Exception to the cap:
 - A study within the past 12 months demonstrating extraordinary circumstances
 - Two public workshops to discuss the need for fees above the cap
 - Approval of the increase by 2/3rd of the governing body

Presented by



Impact Fee Methodology



Summary

- Designed to reflect **the gap** between new development's cost and its contributions through other revenue sources
- Potentially **underestimated** due:
 - FDOE cap on student station costs
 - Legislative cap on fee increases
 - Results in revenue loss

Process & Stakeholders

- Why Should We Involve Others?
- Who are the Stakeholders?
 - Local Government
 - Builders & Developers
 - Community Members
- How to Collaborate
 - Beyond the Study
 - Ordinance Adoption vs Negotiated Rule Making



Plan Making



Capital Improvement Plans

- Updated no less than every five years
- Reviewed annually



Impact Fee Revenues

- Must be expended in a reasonable timeframe.



Projects

- Must be for new capacity.

Projects

Based on our definition of capacity let's discuss whether the following are eligible for impact fee funding

- New School Construction
- Classroom Additions
- New Core Spaces
- Renovated Spaces
- Specialized Spaces
- Debt Service





APA Public Schools + Communities Division

- Is concerned about K-12 public education, our public schools, and their impacts on neighborhoods and communities.
- Promotes networking and professional learning opportunities that address the many intersections of school planning and planning for great communities across the country.

TO JOIN: Visit our website: <https://planning.org/divisions/public-schools/>



or scan QR code:

Contact us at: schools@planning.org

FEFPA

Florida Educational Facilities Planners' Association

Thank You

