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PREDICTABLE.  
TRANSPARENT.**



# **Street Impact Fee Briefing: *Study Results & Draft Policy Recommendation***

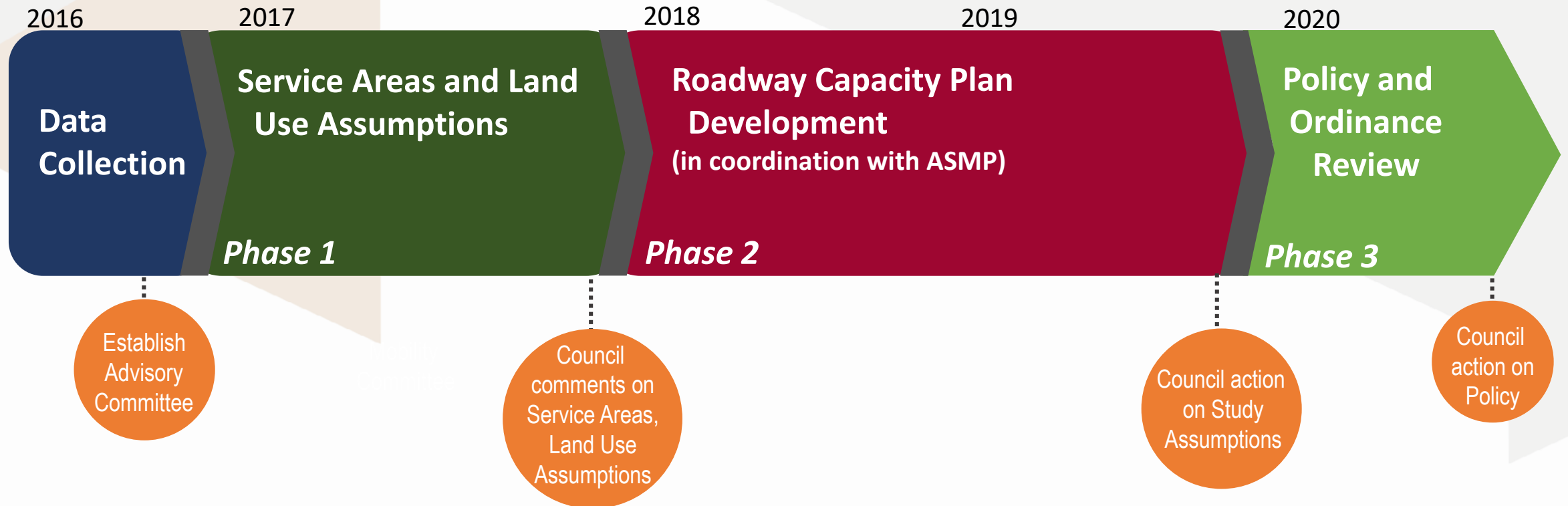


City Council Mobility Committee | April 30, 2020  
Austin Transportation Department

# Overview

- Work to Date & Prior Actions
- Maximum Impact Fee & Draft Policy Recommendation
- Revenue Projections
- Next Steps

# Street Impact Fee Study



# Prior Meetings & Actions

## Council Actions:

- **June 9, 2016:** ATD authorized to procure consultant to develop Street Impact Fees (SIF)
- **October 19, 2017:** City Council Public Hearing on Land Use Assumptions
- **April 11, 2019:** Austin Strategic Mobility Plan adopted, calling for implementation of SIF policy and program to fund roadway capacity improvements necessitated by growth
- **August 8, 2019:** City Council Public Hearing on SIF study assumptions
- **August 22, 2019:** City Council approval of SIF study assumptions (Land Use Assumptions & Roadway Capacity Plan)

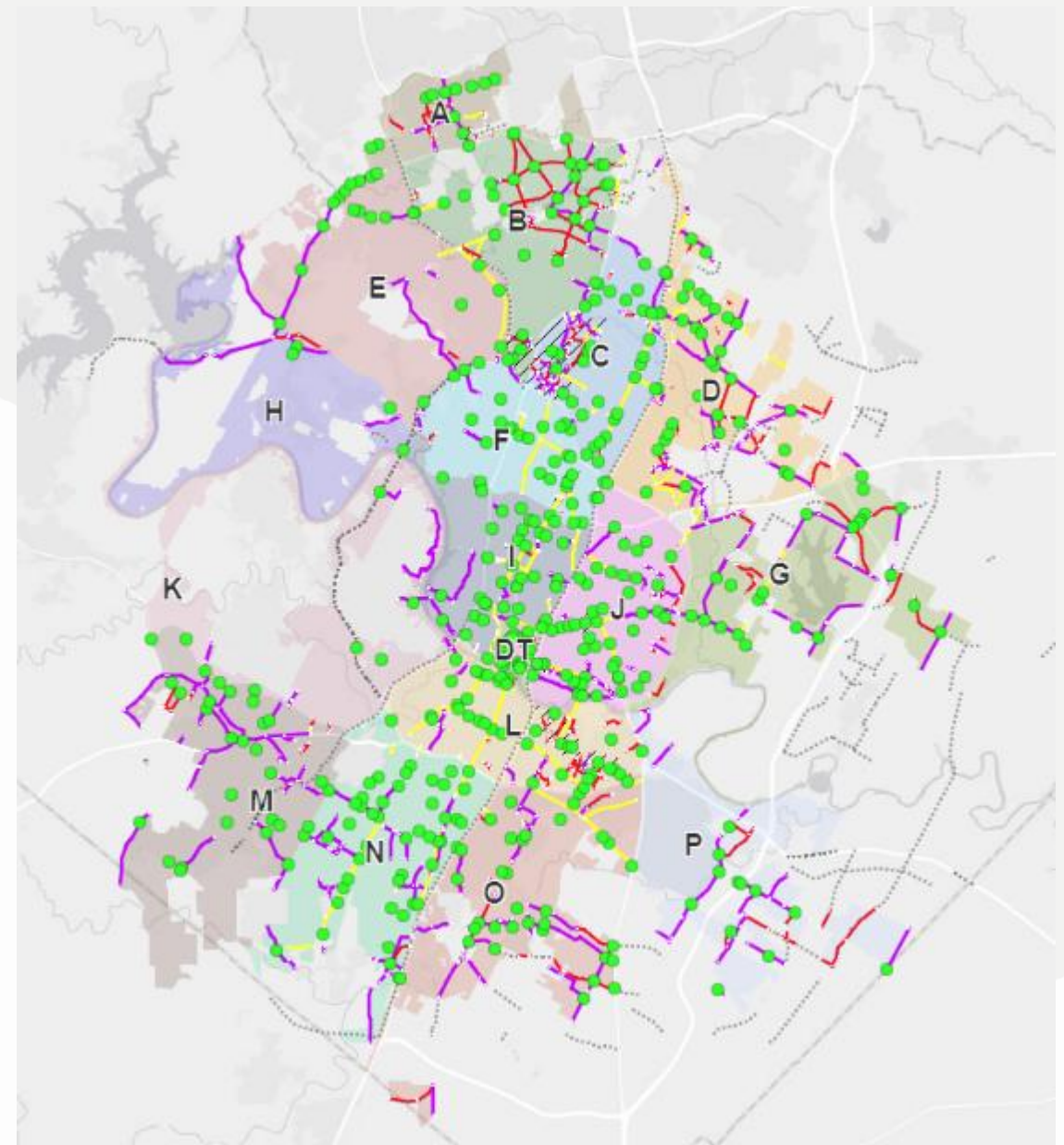
## Council Committee, Boards & Commissions:

- **June 21, 2017:** Council Mobility Committee
- **July 25, 2017:** Impact Fee Advisory Committee
  - Recommended approval of Land Use Assumptions for 10-year growth & Service Areas
- **October 10, 2017:** Urban Transportation Commission
- **August 16, 2018:** Council Mobility Committee
- **June 13, 2019:** Council Mobility Committee
- **June 13, 2019:** Impact Fee Advisory Committee
  - Recommended approval of Roadway Capacity Plan
- **August 21, 2019:** Council Mobility Committee
- **September 23, 2019:** Design Commission
- **March 4, 2020:** Impact Fee Advisory Committee
  - Recommended approval of Street Impact Fee Study Report
- **April 14, 2020:** Impact Fee Advisory Committee
  - Recommended fee collection rates and policy

# Approved Study Assumptions

*August 22, 2019*

- 17 Service Areas (6-mi. diameter)
- Land Use Assumptions
  - Basis for residential and employment growth projections over 10-year period (2017-2027)
- Roadway Capacity Plan (defined by Austin Strategic Mobility Plan)
  - New roadways
  - Roadway expansions
  - Access management
  - Intersection improvements

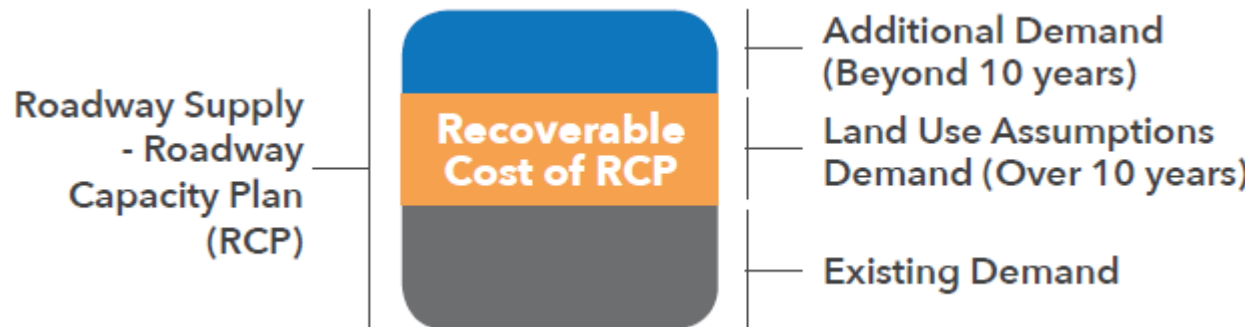




# Impact Fee Calculation

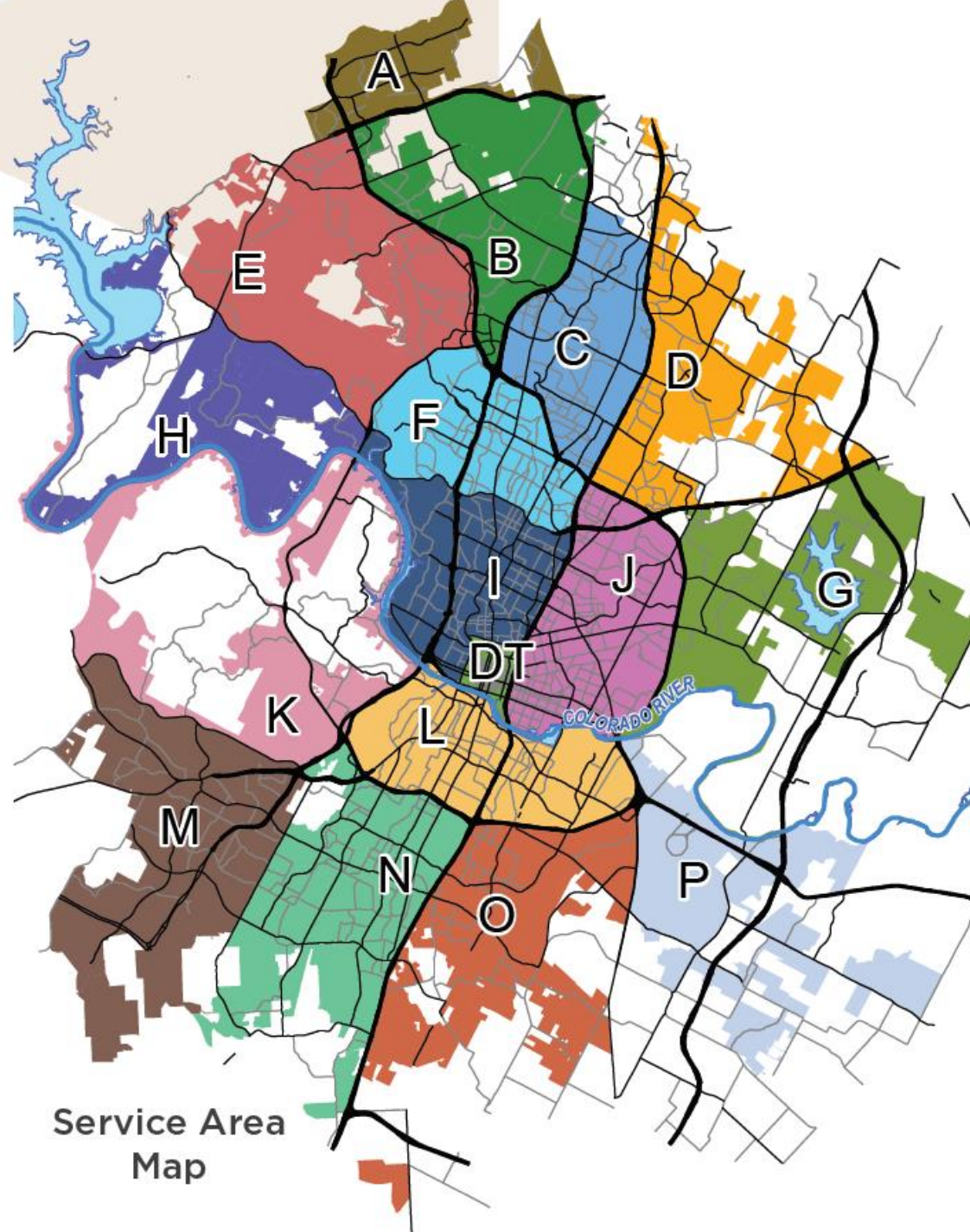
$$\text{Maximum Impact Fee Per Service Unit} = \frac{\text{Recoverable Cost of RCP (\$)}}{\text{New Service Units of Demand}}$$

- ✓ Developed Land Use and Population Projections (demand)
- ✓ Developed 10-Year Impact Fee CIP (RCP)
- ✓ Removed costs associated with existing demand and growth at 10+ years



- ✓ Accounted for prior developer contributions
- ✓ Conducted Credit Calculation

= **Maximum Impact Fee**



Service Area  
Map

# Maximum Impact Fees & Draft Recommended Rates

- IFAC Process to Collected Rate
- IFAC initially agreed on the following:
  - Flat percentage of maximum across City, not a flat rate
  - Different rates for residential and non-residential
- 50% of maximum was picked for sharing growth costs 50/50 with new growth and other sources
  - 35% of maximum for residential reflects a 30% reduction

Maximum Fee Scenario					
Land Use	Average	Median	Highest*	Lowest**	Unit
Single Fam	\$ 10,633	\$ 9,449	\$ 24,504	\$ 3,906	DU
Duplex/ADU	\$ 6,013	\$ 5,345	\$ 13,862	\$ 2,205	DU
Restaurant	\$ 41	\$ 36	\$ 86.80	\$ 20.47	s.f.
Office	\$ 11	\$ 9	\$ 22.38	\$ 5.73	s.f.
Retail	\$ 21	\$ 18	\$ 45.90	\$ 9.94	s.f.

IFAC Recommended Rate					
Land Use	Average	Median	Highest*	Lowest**	Unit
Single Fam	\$ 3,721	\$ 3,307	\$ 8,576	\$ 1,367	DU
Duplex/ADU	\$ 2,105	\$ 1,871	\$ 4,852	\$ 772	DU
Restaurant	\$ 20	\$ 18	\$ 43.40	\$ 10.23	s.f.
Office	\$ 5	\$ 5	\$ 11.19	\$ 2.86	s.f.
Retail	\$ 11	\$ 9	\$ 22.95	\$ 4.97	s.f.

\*Highest rate in Service Area K

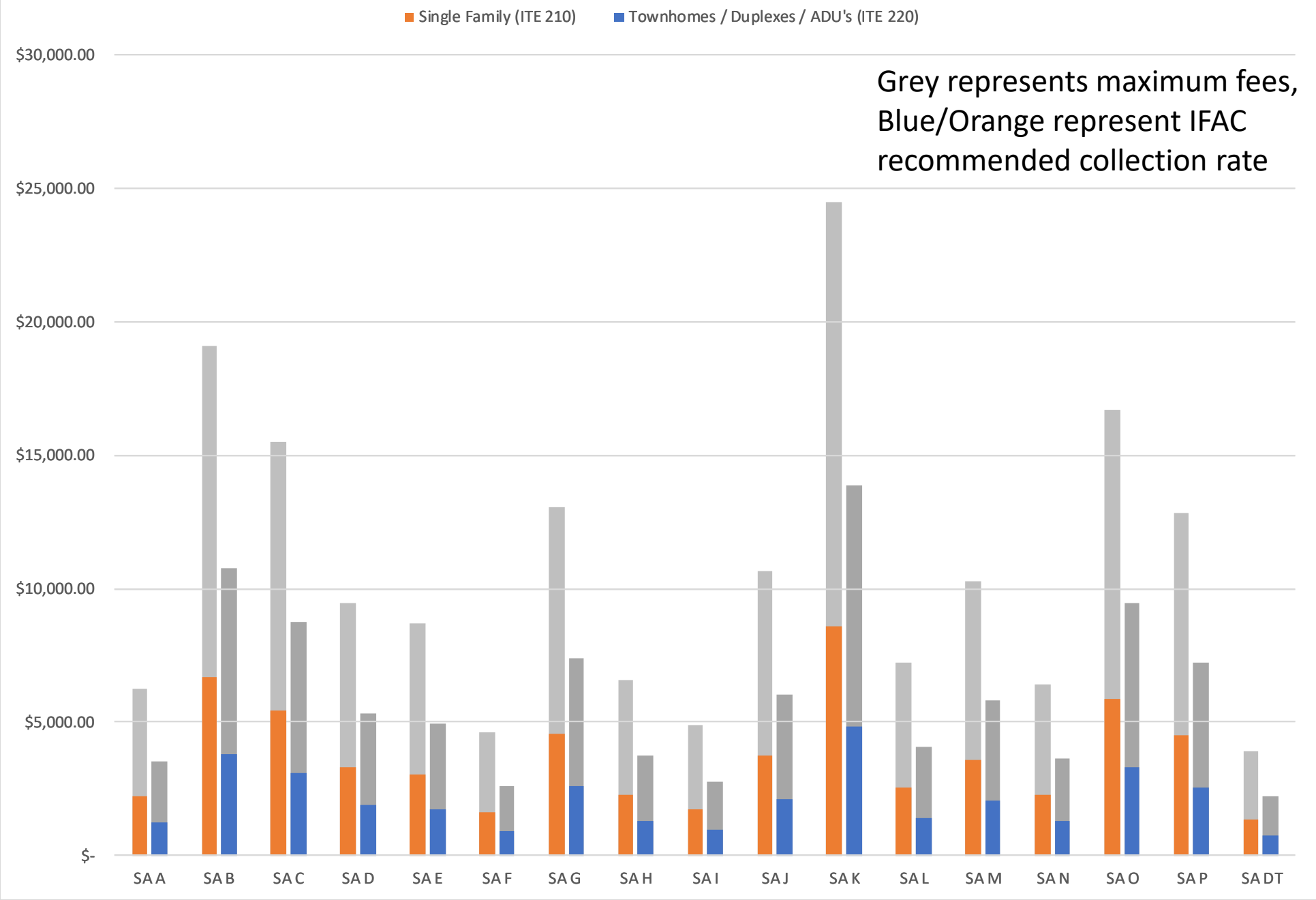
\*\*Lowest rate in Service Area DT

DU = Dwelling Unit

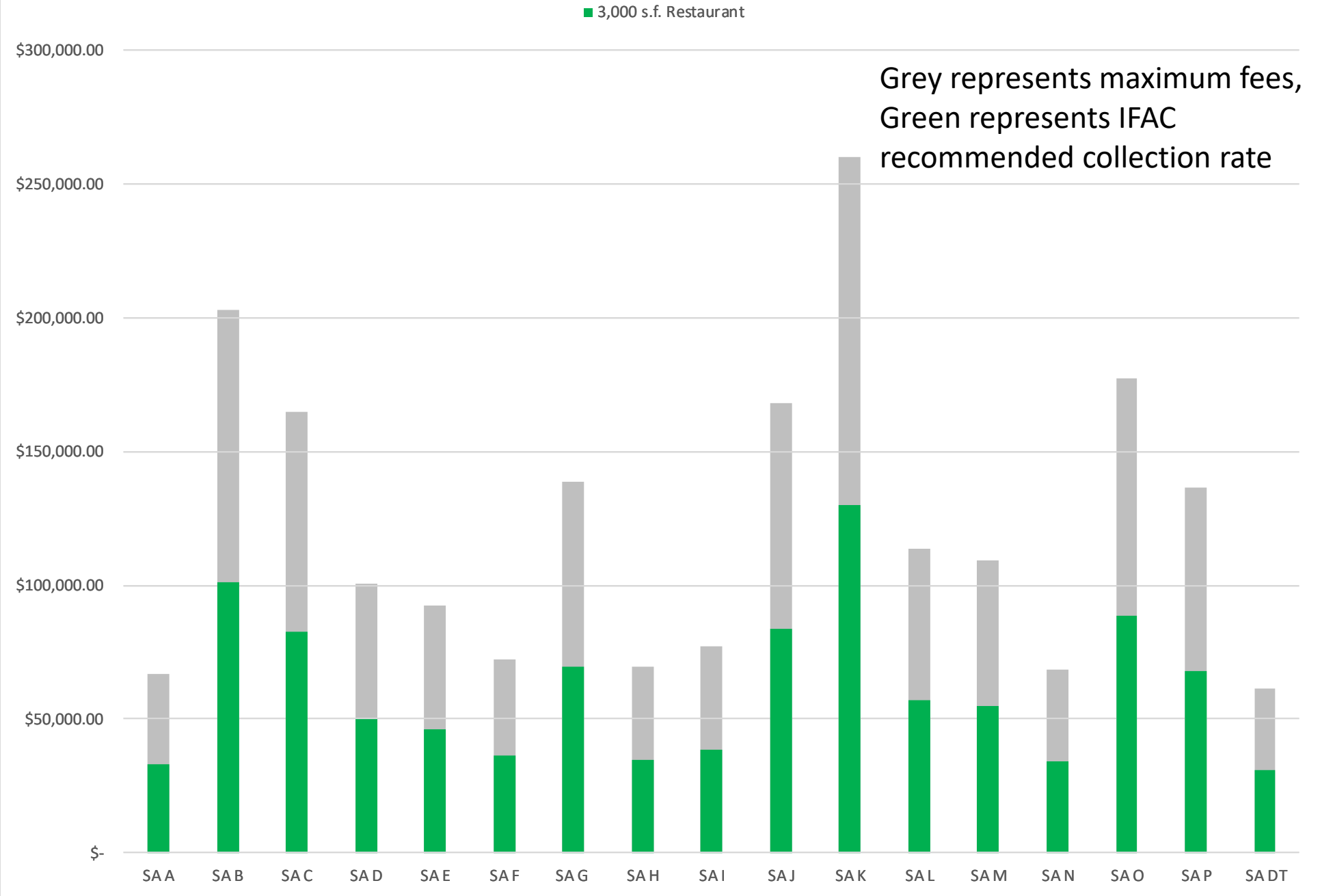
s.f. = square foot



# Housing Fees



3,000 s.f. Restaurant



## 10,000 s.f. Office

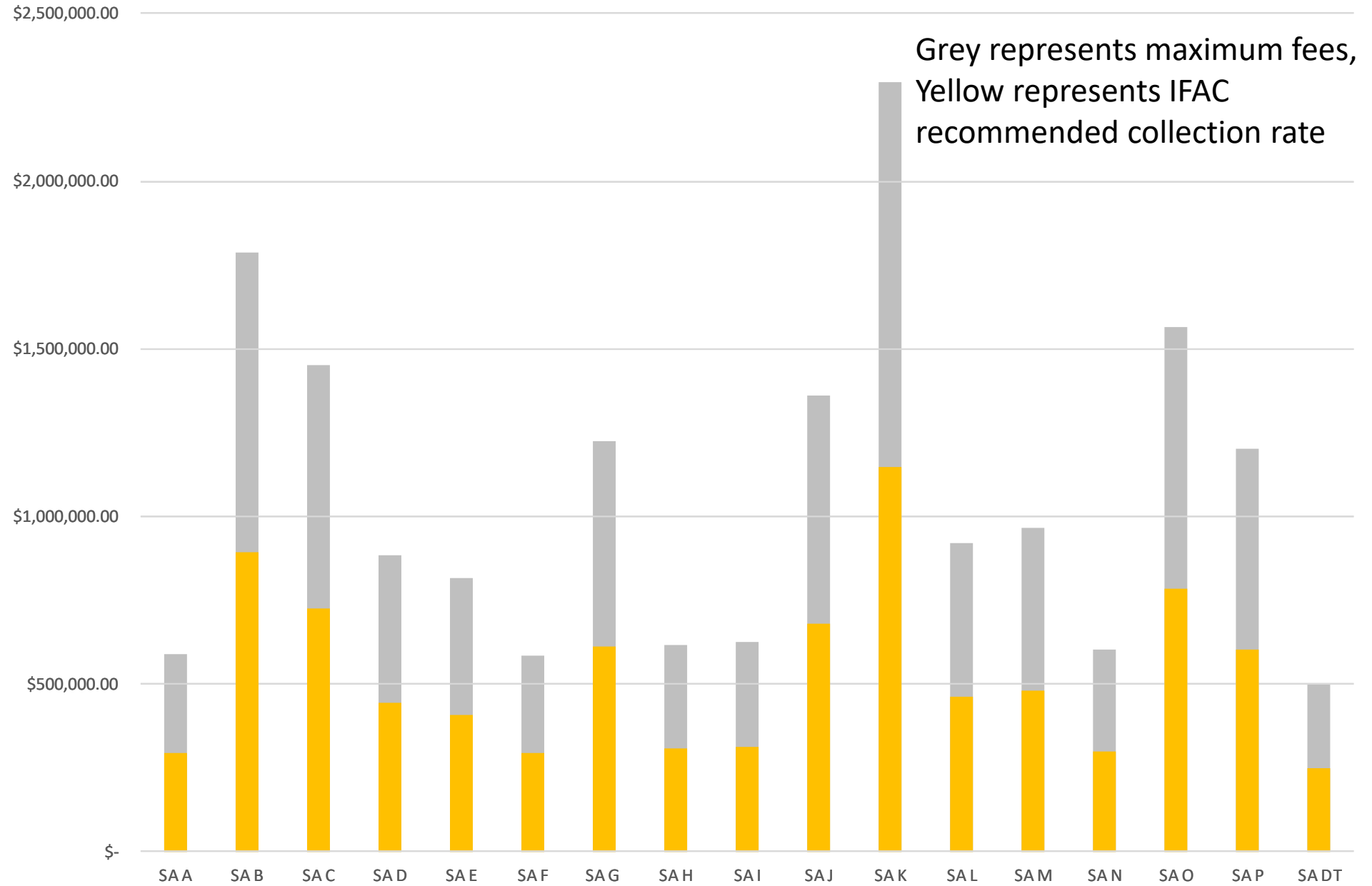
■ 10,000 s.f. Office

Grey represents maximum fees,  
Purple represents IFAC  
recommended collection rate



## 50,000 s.f. Retail

50,000 s.f. Retail





# Fee Reductions

- Technical reductions (applies to whole site)
  - Internal capture (cap of 20% reduction from effective rate)
  - Transportation Demand Management (cap of 40% reduction from effective rate)
- Policy reductions (applies to specific land uses / units)
  - Affordable housing
- Maximum cumulative reduction (60% of effective rate)

# Draft Ordinance Elements - Reductions

- Internal Capture / Mixed Use Reductions. The amount of street impacts fees shall be reduced under Schedule 25-6-664 (A) up to 20% for any new development where an accepted transportation impact analysis or transportation demand management plan demonstrates that the internal capture of a development will reduce vehicle trips from those contained in the adopted land use equivalency table (LUVMET).
- Transportation Demand Management Reductions. The amount of street impacts fees shall be reduced under Schedule 25-6-664 (A) up to 40% for any new development where an accepted transportation impact analysis or transportation demand management plan utilizes approved transportation demand management techniques. The percent reduction for the transportation demand management techniques are include in the City's Transportation Criteria Manual.

# Draft Ordinance Elements - Reductions

- Affordable Housing - IFAC Recommendation. The City should develop an affordable housing impact fee reduction to align with current policy in the Land Development Code for income-restricted affordable units.
- Affordable Housing - ATD Alternative. An applicant who sets aside at least 5% of the total units in a development as income-restricted affordable units, as verified by the Housing Director, and utilizes transportation demand management measures, as approved by the Transportation Director, may request an impact fee reduction resulting in the impact fee collected rate being reduced by up to 75 percent.

# Draft Ordinance Elements - Reductions

- Reductions cumulative. Reductions identified are cumulative so that a development that qualifies for the maximum reduction under each provision may reduce impact fees otherwise due up to 60%, with the exception of developments where the affordable housing reduction applies, where the maximum reduction may reduce impact fees otherwise due up to 75%.
- Burden of proof. The applicant for a reduction provided for in this Section has the burden of proof to show that the development qualifies for the reduction.



# Summary of Draft Recommendations

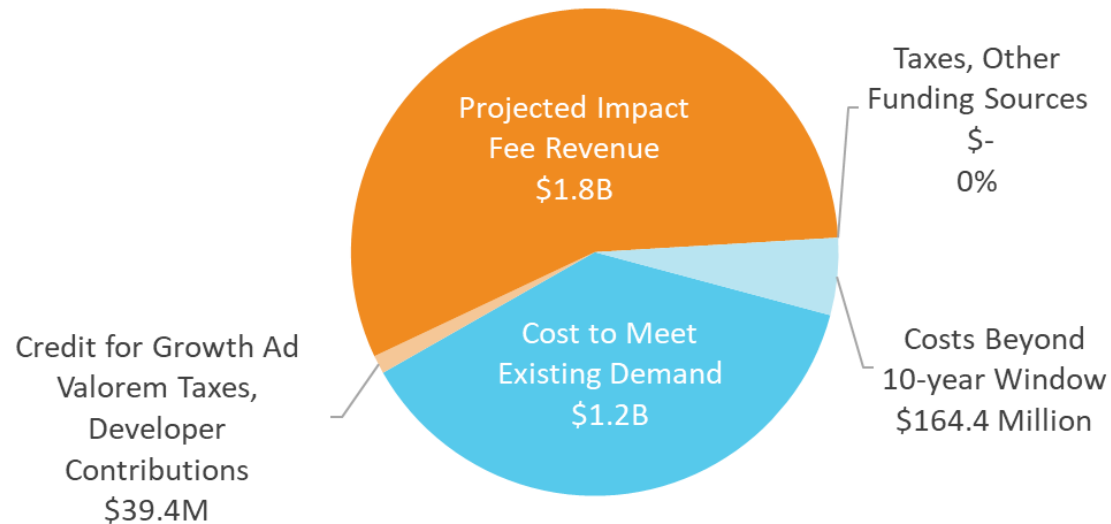
Policy Topic	Recommendation
Effective Rate	50% of Maximum for Non-Residential land uses, 35% of Maximum for Residential land uses
Reduction – Internal Capture	Use ITE Methodology, capped at 20%
Reduction – Transportation Demand Management	Follow City procedures to determine, capped at 40%
Reduction – Affordable Housing	City to develop reduction to align with current LDC & programs
Reductions Cumulative	Maximum reduction is 60%, affordable housing up to 75%
Effective Date	Same as ordinance adoption, no collection of fees for 1 year

# CIP Costs and Revenue Projections

# RCP Cost Breakdown - Dollars

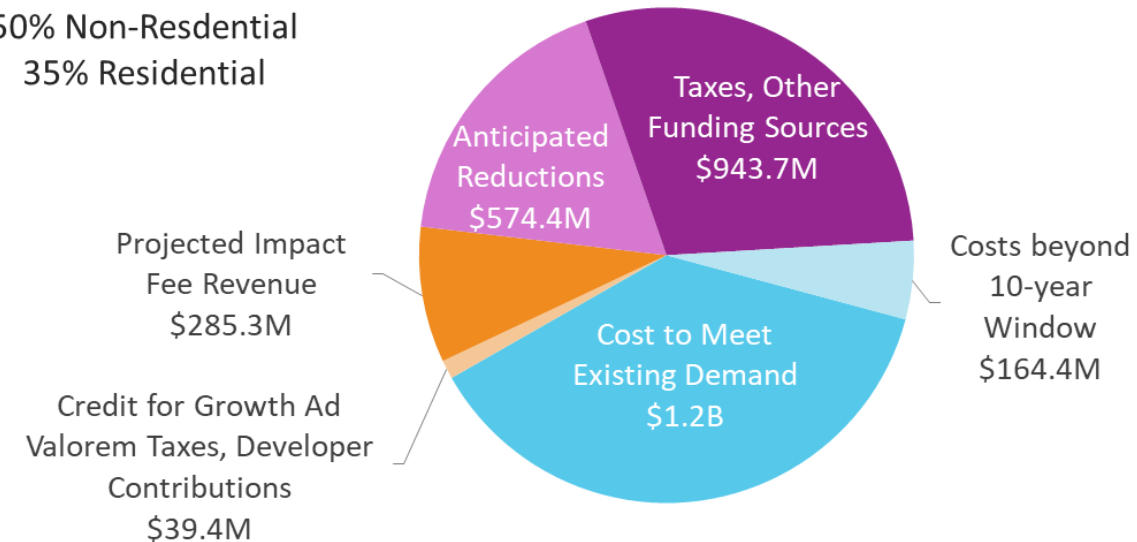
## Maximum Fee

Street Impact Fees in Austin  
\$3.2B - Citywide  
Adopted 100% of Max Fee



## Draft Recommended Fees with Estimated Reductions

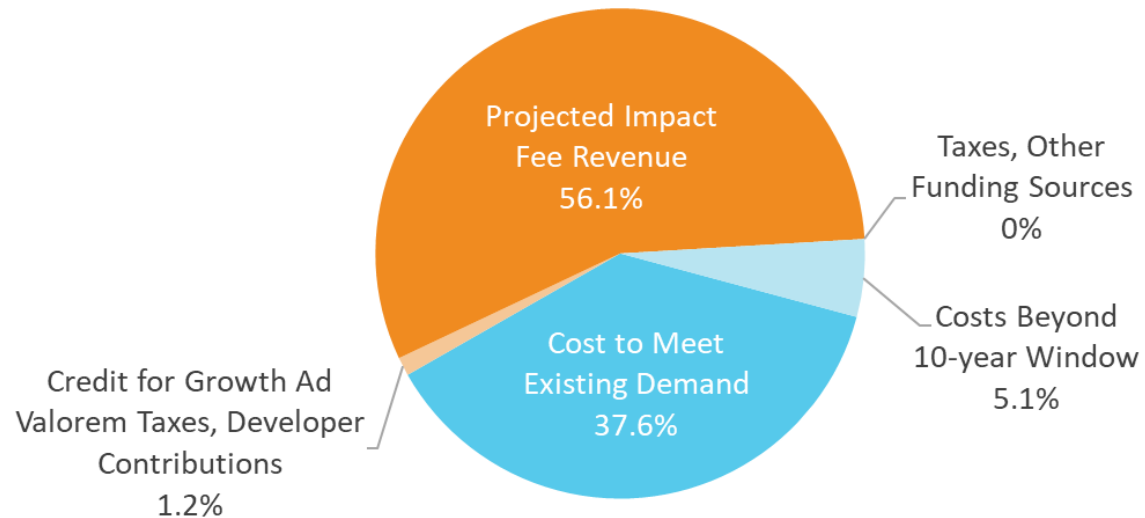
Street Impact Fees in Austin  
\$3.2B - Citywide  
Draft Recommended Rates:  
50% Non-Residential  
35% Residential



# RCP Cost Breakdown – Percent (%)

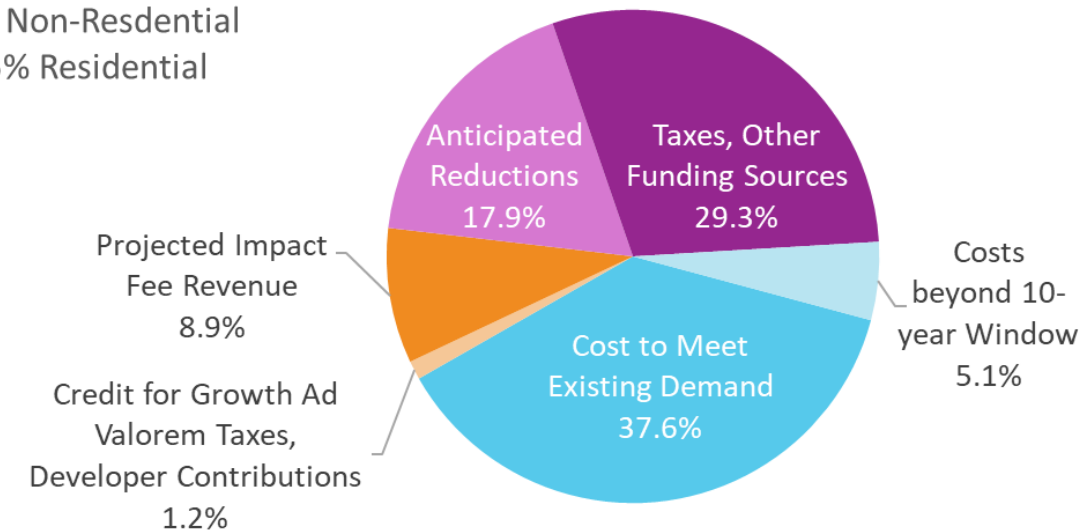
## Maximum Fee

Street Impact Fees in Austin  
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## Draft Recommended Fees with Estimated Reductions

Street Impact Fees in Austin  
\$3.2B - Citywide  
Draft Recommended Rates:  
50% Non-Residential  
35% Residential



*Projected revenue over 10 years*



# Revenue Projections

- Based on 50% Non-Residential and 35% Residential Rates:
  - **\$859 Million over 10 years (or \$85.9 Million per year) with no reductions**
- Cumulatively, anticipate about 2/3 of this total in reductions:
  - Anticipate 17% TDM reduction (based on transit adjusted vehicle miles and other TDM at 10%)
  - Anticipate 15% Internal Capture reduction
  - Anticipate 35% reduction for redevelopment & affordable housing incentives
- **Projected revenue with reductions: \$285 Million over 10 years (or \$28.5 Million per year)**

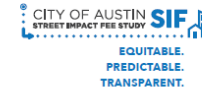
# Next Steps

- Continue public meetings and information on draft ordinance and policy considerations
  - Austin Chamber of Commerce
  - Urban Land Institute
  - Austin Infill Coalition
  - Austin Neighborhoods Council
  - Austin Contractors & Engineers Association
  - American Institute of Architects Austin Chapter
  - Real Estate Council of Austin
  - Homebuilders Association of Greater Austin
  - And others
- Council briefings
  - **Today** - Council Mobility Committee
  - June 9 – Council Work Session (TBD)
- Public hearing
  - Proposed for June 11, 2020 (item to set public hearing on draft May 7, 2020 agenda)
- Ordinance approval

# More Information

[austintexas.gov/streetimpactfee](http://austintexas.gov/streetimpactfee)

- Study Final Report
- “101” one-pagers on study elements
- Status Reports to Mayor and Council
- FAQs
- Upcoming meetings
- Sign-up for updates
- Request a presentation
- Impact Fee Advisory Committee meetings



The City of Austin is proposing to develop and implement a Street Impact Fee Program. A Street Impact Fee would be a charge assessed on new development to pay for the construction or expansion of roadway facilities that are necessitated by and benefit that new development.

In August 2016, the City hired a consultant to assist with the technical analysis required by Chapter 395 of the Texas Local Government Code to determine the maximum assessable Street Impact Fee. Ultimately, City Council would consider adoption of an ordinance establishing the Street Impact Fee and the policies related to administering the program. The City anticipates presenting a proposed policy to Council in 2020. Staff will provide briefings and updates to Council, hold public hearings and engage in stakeholder outreach throughout the process.

## CALCULATING THE MAXIMUM IMPACT FEE

The purpose of the City of Austin's Street Impact Fee Study is to determine the maximum assessable impact fee per unit of new development as allowed by Chapter 395 of the Texas Local Government Code. The maximum assessable fee is a technical calculation that includes a Service Area's 10-year anticipated growth and the identified planned roadway improvements within the Service Area, listed in the Roadway Capacity Plan (RCP) and Austin Strategic Mobility Plan (ASMP).

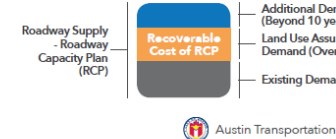
The Impact Fee Study report will provide the City Council with the maximum allowable roadway impact fee that could be assessed by the City of Austin. Following public review, discussion and a public hearing process, the City Council may establish an amount to be assessed (if any) up to the maximum established within the report and adopt a street impact fee ordinance accordingly. The ordinance would determine the actual collected fee (effective rate) as well as policies that could allow a reduction in the assessed or collected fee, referred to as Offsets and Discounts.

**What are Offsets?**  
Fees would be offset by system improvements that are built by development. The implementation of offsets will be outlined in the report.

**What are Discounts?**  
Additional discounts for different development types that further objectives, such as housing and transit development, could be included in the report.

### HOW IMPACT FEES ARE CALCULATED

Maximum Impact Fees per Service Unit (per vehicle-mile), calculated by determining the cost of the 10-year RCP attributable to new growth. This is determined by looking at the supply by the RCP and removing existing demand (current traffic), supply that won't be needed in the next 10 years, based on Use Assumptions for growth. This proportion of the RCP is "recoverable cost of the RCP." The maximum impact fee is simply the Recoverable Cost of the RCP divided by the number of units of demand from the growth projections.

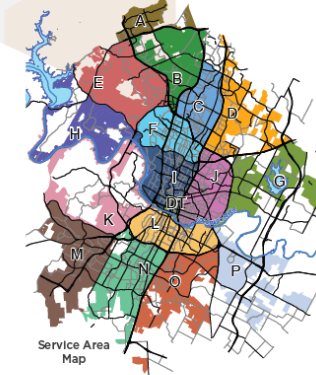


### CREDITS AND FINANCING

The recoverable cost of the RCP is refined to account for credits to developer's past contributions to transportation and anticipated valorem taxes from new development. The cost is also refined to add costs for the debt incurred to finance the projects and reduced for the interest earnings expected on the debt.

### IMPACT FEE RESULTS

Includes Townhome/Duplex Equivalent Maximum Fee



Maximum Impact Fee Per Service Unit  
= Recoverable Cost of the RCP (\$) / New Service Units of Demand

Service Area	Determined by Study		Determined by Council
	Maximum Fee Per Service Unit (per vehicle mile)	Equivalent Maximum Fee Per Townhome/Duplex *	Collection Rate Per Service Unit** (per vehicle mile)
A <sup>1</sup>	\$ 1,472	\$ 3,548*	\$ TBD**
B <sup>2</sup>	\$ 4,479	\$ 10,974*	\$ TBD**
C <sup>2</sup>	\$ 3,642	\$ 8,777*	\$ TBD**
D <sup>2</sup>	\$ 2,218	\$ 5,345*	\$ TBD**
DT <sup>1</sup>	\$ 1,361	\$ 2,205*	\$ TBD**
E <sup>2</sup>	\$ 2,043	\$ 4,923*	\$ TBD**
F <sup>2</sup>	\$ 1,604	\$ 2,599*	\$ TBD**
G <sup>2</sup>	\$ 3,071	\$ 7,402*	\$ TBD**
H <sup>2</sup>	\$ 1,543	\$ 3,719*	\$ TBD**
I <sup>1</sup>	\$ 1,712	\$ 2,773*	\$ TBD**
J <sup>1</sup>	\$ 3,724	\$ 6,033*	\$ TBD**
K <sup>2</sup>	\$ 5,752	\$ 13,862*	\$ TBD**
L <sup>1</sup>	\$ 2,520	\$ 4,082*	\$ TBD**
M <sup>2</sup>	\$ 2,415	\$ 5,820*	\$ TBD**
N <sup>2</sup>	\$ 1,507	\$ 3,632*	\$ TBD**
O <sup>2</sup>	\$ 3,921	\$ 9,449*	\$ TBD**
P <sup>2</sup>	\$ 3,011	\$ 7,258*	\$ TBD**

TO LEARN MORE, VISIT [austintexas.gov/streetimpactfee](http://austintexas.gov/streetimpactfee)



**Contact:**  
Public Information Office  
Austin Transportation Department  
Office: (512) 974-8000  
ATDPIO@austintexas.gov

1 - INSIDE "THE LOOP"  
Trip Length for Single Family House is 2.83 miles

2 - OUTSIDE "THE LOOP"  
Trip Length for Single Family House is 4.30 miles

\* One or two levels (floors) per building such as duplex, townhomes, and single family houses < 1,200 SF

\*\* Must be less than or equal to maximum impact fee as determined by the Study

# Questions

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