



Town of Erie Impact Fee Study Update

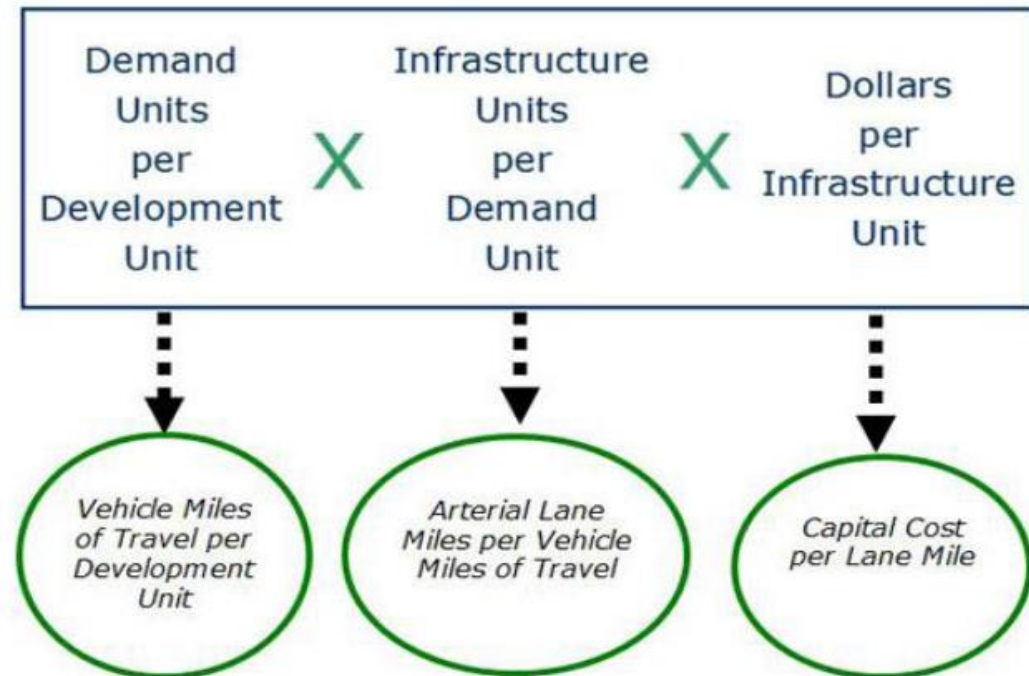
June 1, 2020

- Impact fees/infrastructure financing strategies
- Fiscal/economic impact analyses
- Capital improvement planning
- Infrastructure finance/revenue enhancement
- Real estate and market feasibility

Adams County	Arapahoe County	Aurora	Boulder
Castle Pines	Castle Rock	Centennial	Colorado Springs
Durango	Eaton	Erie	Evans
Fort Collins	Garfield County	Grand Junction	Greeley
Johnstown	La Plata County	Larimer County	Lone Tree
Longmont	Louisville	Mead	Mesa County
Montezuma County	Parker	Pitkin County	Pueblo
Steamboat Springs	Thornton	Vail	Westminster

Impact Fee Fundamentals

- One time payments to fund system improvements
- Cannot be deposited into General Fund
- Basic legal requirements are need, benefit, and proportionality
- General Methods
 - Plan Based
 - Cost Recovery
 - Incremental Expansion



Evaluate Need for Credits

- Site specific
 - Developer constructs a capital facility included in fee calculations
- Debt service
 - Avoid double payment due to existing or future bonds
- Dedicated revenues
 - (e.g., property tax, local option sales tax, gas tax)

Impact Fees in Colorado

- Governed by Senate Bill 15
 - October 2001
- Improvement or facility that:
 - Is directly related to any service that a local government is authorized to provide;
 - Has a useful life of five years or longer
- Specific accounting requirements
- Allows a local government to waive an impact fee on the development of low/moderate income housing
 - Does not address whether the local government is required to “make up” the difference

Myths and Misconceptions

- Impact fees cover the entire cost of new facilities, negating the need for higher taxes
 - A “properly” designed fee may come close
 - Credits
 - How about the O&M costs?
- Impact fees should be based on planning standards, without concern for deficiencies
- Nonresidential fees can be “adjusted” for economic reasons
- All developers/builders hate impact fees

Myths and Misconceptions

- Impact fees negatively affect low/moderate income housing
 - Credits for affordable housing can mitigate impact
 - Fee not always passed-on in the price of the home; studies have shown that fees are often absorbed by others in the “food chain” depending on market conditions:
 - Land owner
 - Developer
 - Homebuilder
 - Home owner

Process

- Determine existing development base and project future growth/redevelopment
- Determine existing levels of service and capital needs due to new growth
- Determine appropriate indicators of demand
- Evaluate methodological alternatives
- Evaluate need for credits
- Calculate fees
- Stakeholder engagement
- Adoption process

Next Steps

- First meeting with Stakeholder Group
- Agree on assumptions and calculation methodologies with staff
- Additional Stakeholder Group meeting(s)