Presenting to the Governing Authority and Educating Stakeholders

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What makes it work?

• Manage Expectations
• Provide Clear Guidelines
• Make Meaningful Reports Possible
• Communicate with the Stakeholders
Manage Expectations

• What are impact fees?
• How can they be used?
• Where can they be used?
• Who controls impact fee?
• How does a legislator get “access” to them?
What Are Impact Fees?

The “technical answer” is less effective than the “policy answer.”

“....equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development.” O.C.G.A. § 36-71-1(b)
What is the meaning of “equitable program?”

“Equitable” to whom?

Developer’s view
Legislator’s view
Agency’s view
Why It’s Called a Fee

One time payment to “catch up” with the investment made by long-time taxpayers.

Maintain an existing level of service.

Nexus to the project
Fees are based on a set of legal principles that require nexus
Legislative discretion on taxes is fairly broad
How & Where Can Impact Fees Be Used

System Improvements

Capital Projects (CIP element of CDP)

Nexus to the Fee-paying Project
Control and Access

Most fees pay for the service provided

The law controls “access” to impact fees

Impact fees must have a nexus to the project
Savings in the General Fund

For those districts where development is slow, a good argument to the representative is that impact fees free up scarce “general fund” money for those projects where such funds would not otherwise be available.
Project Budgeting over Time

Avoid the “entire funding” trap for all projects

A system should allow year to year accumulation
Projects are usually already in the CDP
Create a series of accounts for projects
FIFO & statutory time limits
Ordinance Guidelines

The Study is the Legal Basis for the Fee
Tracking of Revenues
Allocation of Revenues
Production of Reports
Justify the Fee After it Becomes Law
A Typical Process
Figure 6. Impact Fee Process Flow Chart
The City of Atlanta experience is that unless the process of impact fee administration is designed to deliver a defined set of results and outputs, a process will develop according to the individual’s view of whatever is the least amount of work for them.
Homer Simpson’s Three Best Lines

“Good idea, Boss”

“It was like that when I got here.”

“Cover for me.”
The Results of a “Bad” Process

Hard for the agency to follow

Difficult to maintain institutional knowledge

Legislators don’t trust it if it’s inconsistent

Fee payers don’t trust its reliability or fairness
Benefits of a Clear Ordinance

Administrators less subject to pressure

Legislators have more reasonable expectations

Developers have more trust in the process
Reports & Revenue

Location of fee paying projects

Type of impact fees collected

Amount & dates collected
Reports & Nexus

Location of fee paying projects

Type of impact fees collected

Amount & dates collected

*Where spent and on what explains the nexus*
Emphasize Accomplishments

System improvement agreements

Leverage as matching funds

Report some results *in toto* (e.g. miles of road)

Showcase the big “wins”
Equitable to Whom

The only way a local government is able to prove that impact fees are being used in a manner that is in compliance with state law is to be able to demonstrate through reports showing where the fees were collected and where the fees were spent. (establish the “nexus” on which service areas are based)
Communication

Clear goals are easier to communicate

City had four major goals in 2011/2012 rewrite
  Better policy on exemptions
  Improved administration
  Update service areas
  Reduce number of land use categories
Feedback

Upward fee adjustments were too severe

Exemption policy had little resistance

Administrative changes would be welcome

Better reporting would be essential to approval
Observations

The sophistication of the study was lost on most
Almost no one will really read it

Reports did not respond to user needs
If untimely or hard to get, the users notice
Too much user analysis is a barrier
Were insufficient to change perceptions

Good outcomes are usually discounted
Site specific agreements
Timely processing of credits
Conclusions

Update frequently to avoid “sticker shock”

Provide a well defined process

Track revenues and expenditures clearly

Report in a meaningful way
Questions

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