

Managing Developer Credits: Issues and Alternatives



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Overview of Developer Credit Issues

- **Eligibility**
 - What improvements are eligible for credit?
- **Type**
 - What types of credits are provided?
- **Ownership**
 - Who owns the credits?
- **Transferability**
 - Under what conditions are credits transferrable?
- **Amount**
 - How is the amount of credit determined?

Alternatives

■ Eligibility

- Any capacity improvement
- Only capacity improvements identified in a master plan or CIP
- With either of above, only the excess capacity beyond what is necessary to serve the development

■ Type

- Offset of impact fees otherwise due from development
- Reimbursement to developer
- Offset up to amount due, reimbursement for excess
- Developer option of offset and/or reimbursement

Alternatives

■ Ownership

- Ownership of offset credits generally runs with the land
- Reimbursement credits are always owned by developer

■ Transferability

- Offset credits owned by developer can be transferred to other developments in the service area or sold to other developers
- Reimbursement credits can be sold to other entities

Alternatives

■ Amount

- Full cost of the improvement, generally based on estimates approved by jurisdiction's engineers
- The percentage of the improvement cost equal to the percentage at which calculated fees were adopted (if less than 100%)
- The percentage of the improvement cost equal to the percentage of the additional capacity in excess of what will be used by the development

Overview of Examples

Alternatives	Pasco Co. FL	Alachua Co. FL	Surprise AZ	Washoe RTC NV (New)	Washoe RTC NV (Old)
Eligibility	Must be Included in Master Plan or CIP	Must be included in CIP or added at next available update	Any Capacity Improvement	Capacity Improvement must be included in CIP	Capacity Improvement must be included in CIP
Type	Offsets with Limited Reimbursement of Pre-Paid Fees	Offsets with Reimb. for Excess Capacity with Board Approval.	Offsets w/Reimbursement for Oversizing	Offsets measured in Dollars	Credits measured in VMTs
Ownership	Owned by Developer	Owned by Developer	Offsets Run w/Land; Reimb. Owned by Developer	Owned by Developer, Can be Sold	Owned by Developer, Can be Sold
Transferability	If Project Built Out, Excess Transferrable w/in Benefit District	Transferable to Project in Common Ownership within Benefit District	Not Allowed	Offsets must be used within Development	Anywhere within Benefit District (some limitations)
Amount	Full Costs Except for Site-Related Improvements	Full Costs of Excess Capacity Except for Site-Related Improvements	Full Cost per Dev't Agreement	Cost up to Impact Fees Owed within Development	Full Cost (Could Exceed Impact Fees Owed)