

HERNANDO COUNTY STAFF REPORT

TOPIC: Impact Fee Direction

HEARINGS: Board of County Commissioners: July 9, 2024

STAFF REQUEST: BOCC Provide Direction for Staff to Update Impact Fees

STAFF REQUEST:

The Board of County Commissioners (BOCC) directed staff to acquire a consultant to perform an Impact Fee Study to determine if “extraordinary circumstances” existed that would permit the BOCC to increase some if not all of Impacts Fees. After reviewing the study, it was determined that Hernando County would indeed be eligible for increase based on the current growth and economic climate. Based on the study, staff recommends an increase to all impact fees. It is the BOCC’s decision as to which impact fees are increased and to what amount. Under Extraordinary Circumstances the County may adopt an Impact Fee increase consistent with Florida State Statute 163.31801.

FL STATE STATUTE:

Impact Fee Increase:

Florida State Statute 163.31801(6)

- (6) A local government, school district, or special district may increase an impact fee only as provided in this subsection.
 - (a) An impact fee may be increased only pursuant to a plan for the imposition, collection, and use of the increased impact fees which complies with this section.
 - (b) An increase to a current impact fee rate of not more than 25 percent of the current rate must be implemented in two equal annual increments beginning with the date on which the increased fee is adopted.
 - (c) An increase to a current impact fee rate which exceeds 25 percent but is not more than 50 percent of the current rate must be implemented in four equal installments beginning with the date the increased fee is adopted.

Development Services

Impact Fee Discussion

- (d) An impact fee increase may not exceed 50 percent of the current impact fee rate.
- (e) An impact fee may not be increased more than once every 4 years.
- (f) An impact fee may not be increased retroactively for a previous or current fiscal or calendar year.

Impact Fee Increase Above Statutory Maximum:

Florida State Statute 163.31801(6)(g)

- (g) A local government, school district, or special district may increase an impact fee rate beyond the phase-in limitations established under paragraph (b), paragraph (c), paragraph (d), or paragraph (e) by establishing the need for such increase in full compliance with the requirements of subsection (4), provided the following criteria are met:
 1. A demonstrated-need study justifying any increase in excess of those authorized in paragraph (b), paragraph (c), paragraph (d), or paragraph (e) has been completed within the 12 months before the adoption of the impact fee increase and expressly demonstrates the extraordinary circumstances necessitating the need to exceed the phase-in limitations.
 2. The local government jurisdiction has held not less than two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need to exceed the phase-in limitations set forth in paragraph (b), paragraph (c), paragraph (d), or paragraph (e).
 3. The impact fee increase ordinance is approved by at least a two-thirds vote of the governing body.

NOTABLE IMPACT FEE REQUIREMENTS:

- The calculation of the impact fee must be based upon the most recent and localized data.
- Collection of the impact fee may be no earlier than the date of the issuance of a building permit (not prepaid).
- The impact fee must be proportional and reasonably connected to, or have a rational nexus with the need for capital facilities generated by new growth, and the benefit accrued to new growth.
- Credits must be applied on a dollar-for-dollar basis for any contributions made by the fee payer.
- If any challenge, the local government has the burden of providing by a preponderance of evidence that the impact fee meets the legal precedent that the fee is correct.
- Impact fees shall be used exclusively for the purpose of capital improvements, equipment and facilities.
- Impact fees may be used to pay debt service to the extent that the facilities

Development Services

provided are an eligible expense.

- Credits may be obtained to the extent that the fee payer provides an eligible capital improvement (land facilities, equipment, other improvements)
- Impact fees should be reviewed periodically for accuracy (Every 5 Years per Code)

Impact Fee Discussion

IMPACT FEE STUDY:

- Board Presentation April 23, 2024; Santac Consulting Services, Inc Demonstrated Need Technical Memo provided by Benesch
- Covered Fire; EMS, Public Buildings, Jail, Law Enforcement, Library, Parks.
- Consolidated Fire/EMS into one fee
- Included a list of updated land use categories
- The updated land use categories included a small number of fees that were reduced (i.e., warehouse, mini storage, furniture store).

CURRENT IMPACT FEE EXAMPLES:

- Single Family: \$5,757
- Multi Family: \$5,010
- Fast Food with drive through: \$19,122

OPTION 1 STATUTORY MAXIMUM IMPACT FEE EXAMPLES:

This option would need to be adopted in strict adherence to Florida State Statute 161.31801(6)(g). The Statute requires a demonstrated-need study justifying any increase exceeding those outlined in option 1. Additionally, the increase must be shown to be the result of extraordinary circumstances with two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need.

This option is in conformance with Florida State Statute 161.31801(6). An increase to the current impact fee rate to the 50% increase for all categories impact fees of the current rate beginning with the date the increased fee is adopted.

- Single Family: \$8,635
- Multi Family: \$11,453
- Fast Food with drive through: \$89,710

OPTION 2 IMPACT FEES EXCEEDING STAUTORY MAXIMUM EXAMPLES:

This option would need to be adopted in strict adherence to Florida State Statute 161.31801(6)(g). The Statute requires a demonstrated-need study justifying any increase exceeding those outlined in option 1. Additionally, the increase must be shown to be the result of extraordinary circumstances with two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need.

The increase of each component in the resulting Impact fee may not exceed 75% of the study findings. The components of the overall impact fee include areas such as Fire, EMS, Public Buildings, Jail, Law Enforcement, Library, Parks, education, transportation, etc.

- Single Family: \$13,052
- Multi Family: \$8,590
- Fast Food with drive through: \$67,283

Development Services

Impact Fee Discussion

UNDER EXTRORDINARY CIRCUMSTANCES

The Statute requires two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need.

Two Public Inquiry Workshops Held:

- Location: The Lake House
 1202 Kenlake Avenue, Spring Hill
Time: 10:00 AM
Attendants: 9

- Location: East Hernando Branch Library
 6457 Windemere Rd, Ridge Manor
Time: 6:30 PM
Attendants: 3

BOCC ACTION:

On Tuesday July 9, 2024, the Board of County Commissioners took an initial action to increase five of the eight current impact fees from the Hernando County Code of Ordinances, Chapter 23, Article III, Divisions I-VI, relating To Impact Fees as follows:

- Fire/EMS Impact Fees – increase to 100% of the maximum identified by the Demonstrated Needs Study (23-46)
- Law Enforcement (Capital Facilities) - increase to 100% of the maximum identified by the Demonstrated Needs Study (23-91)
- Parks & Recreation - increase to 100% of the maximum identified by the Demonstrated Needs Study (23-114)
- Educational School Facilities - increase to 70% of the maximum identified by the Demonstrated Needs Study (23-68)
- Transportation - increase to 70% of the maximum identified by the Demonstrated Needs Study (23-137)

No changes to the three currently adopted impact fees for the following:

- Public Buildings
- Library Facilities
- Correctional Facilities