



**EQUITABLE.  
PREDICTABLE.  
TRANSPARENT.**



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



City Council Work Session  
June 9, 2020  
Austin Transportation Department

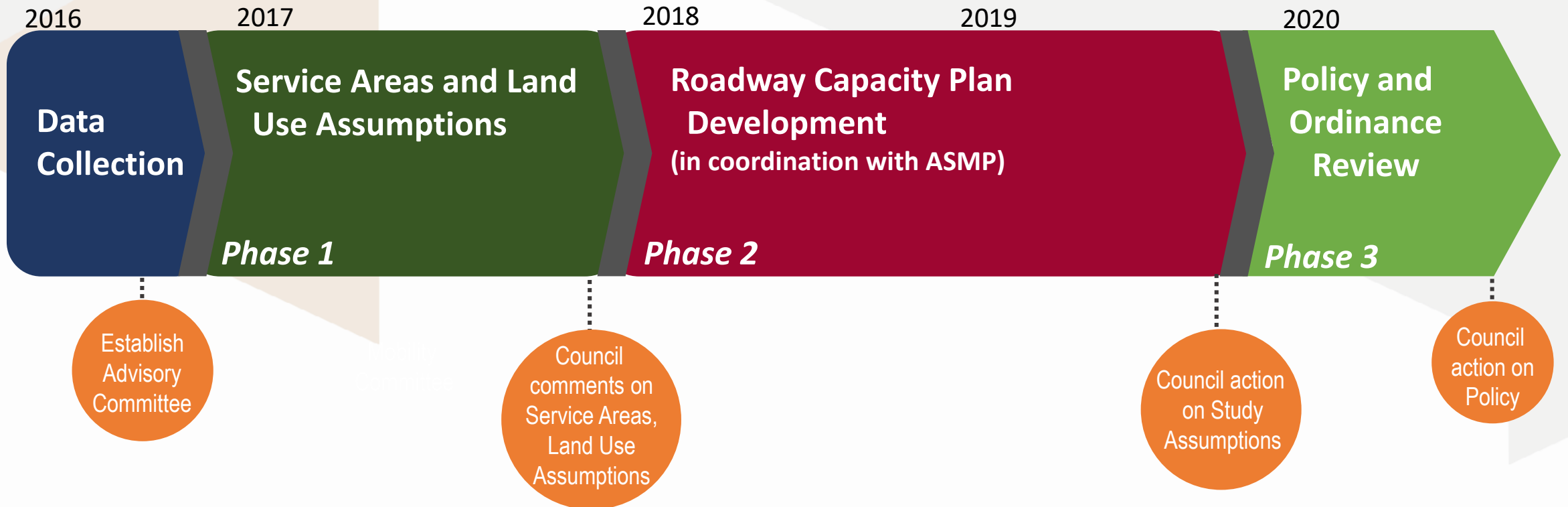
# Overview

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

# What are Street Impact Fees?

- One-time fee for **new development**
- Study determines the **costs of street infrastructure** to meet the needs of new development
- Governed by Chapter 395 of the Texas Local Government Code

# 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)

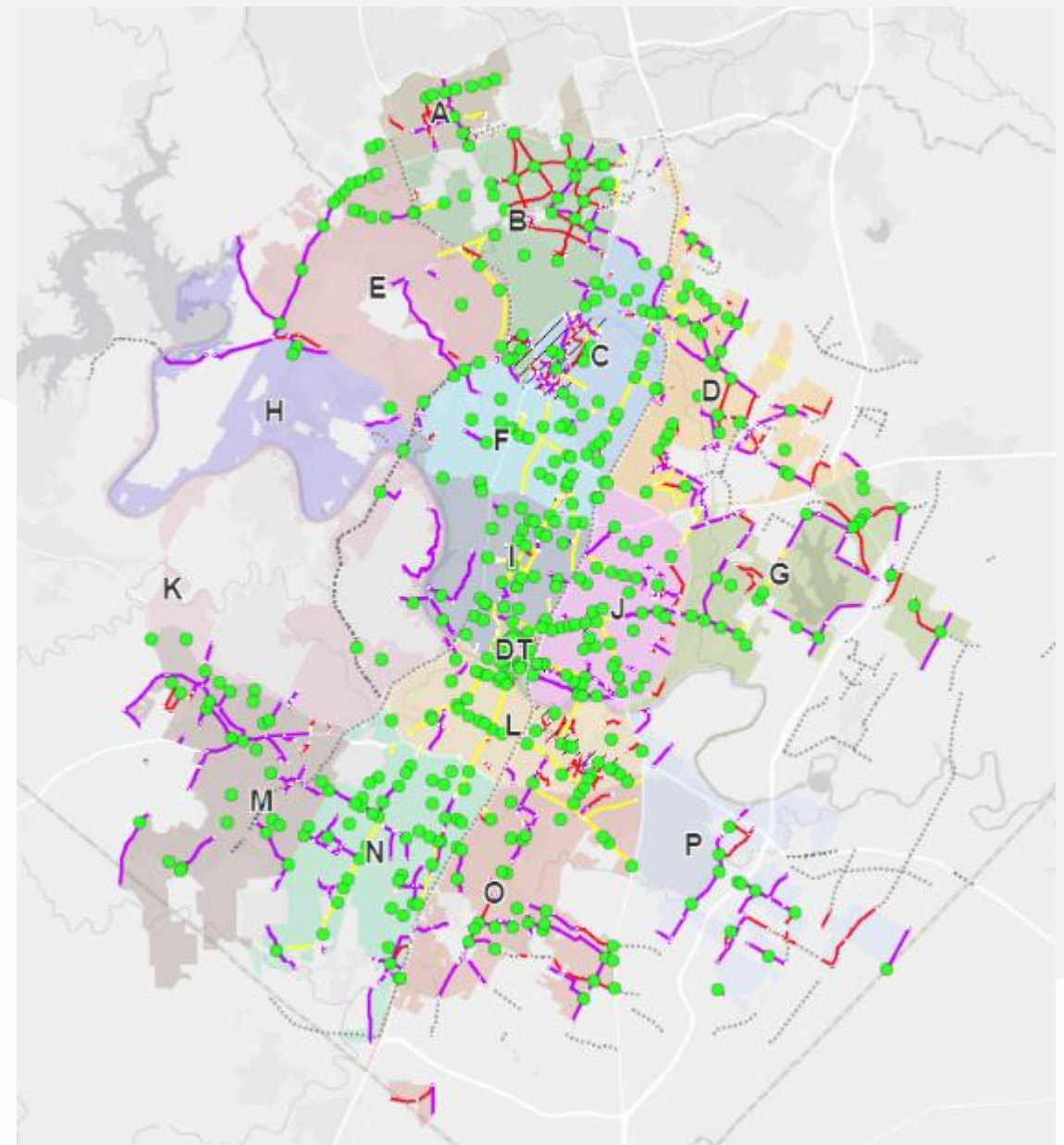
## Council Committee, Boards & Commissions:

- **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
- **April 30, 2020:** Council Mobility Committee

# Approved Study Assumptions

*August 22, 2019*

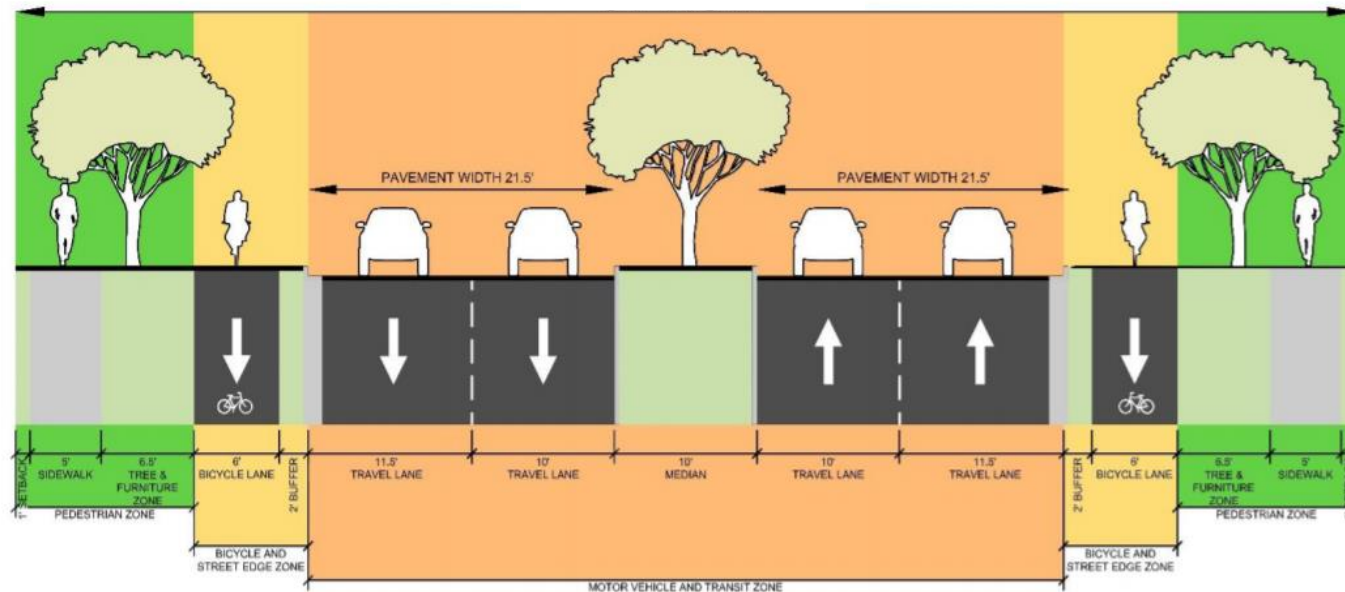
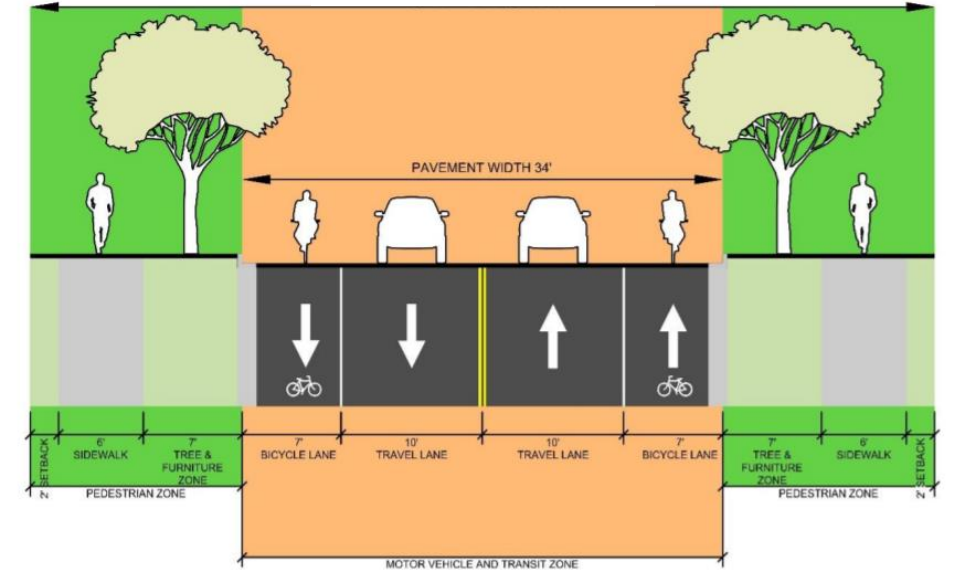
- 17 Service Areas (6-mi. diameter)
- Land Use Assumptions
  - Basis for residential and employment growth projections over 10-year period (2017-2027)
- Roadway Capacity Plan (defined by Austin Strategic Mobility Plan)
  - New roadways
  - Roadway expansions
  - Access management
  - Intersection improvements





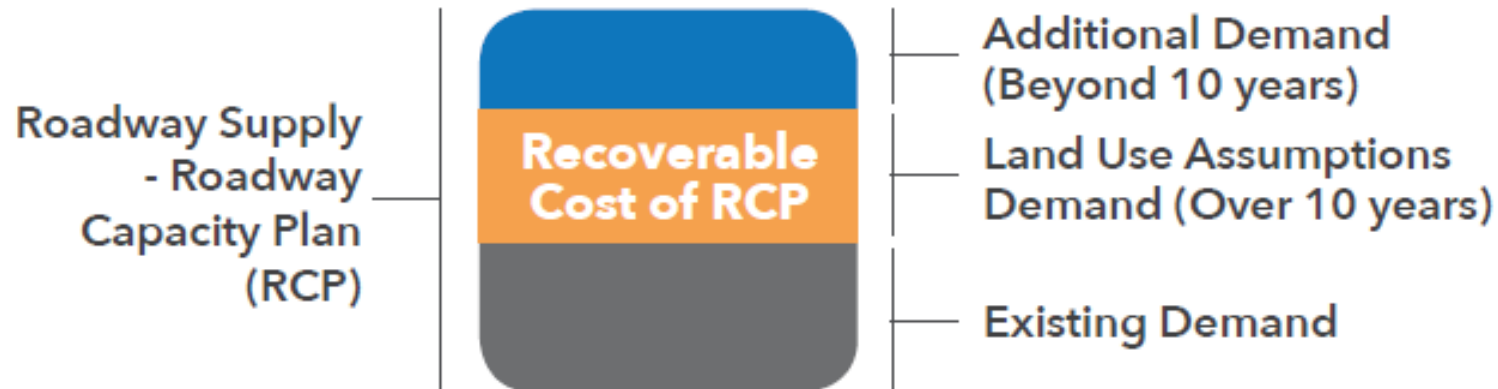
# Street Design based on

- Street Network Table → ROW
- Transportation Criteria Manual → Cross-sections



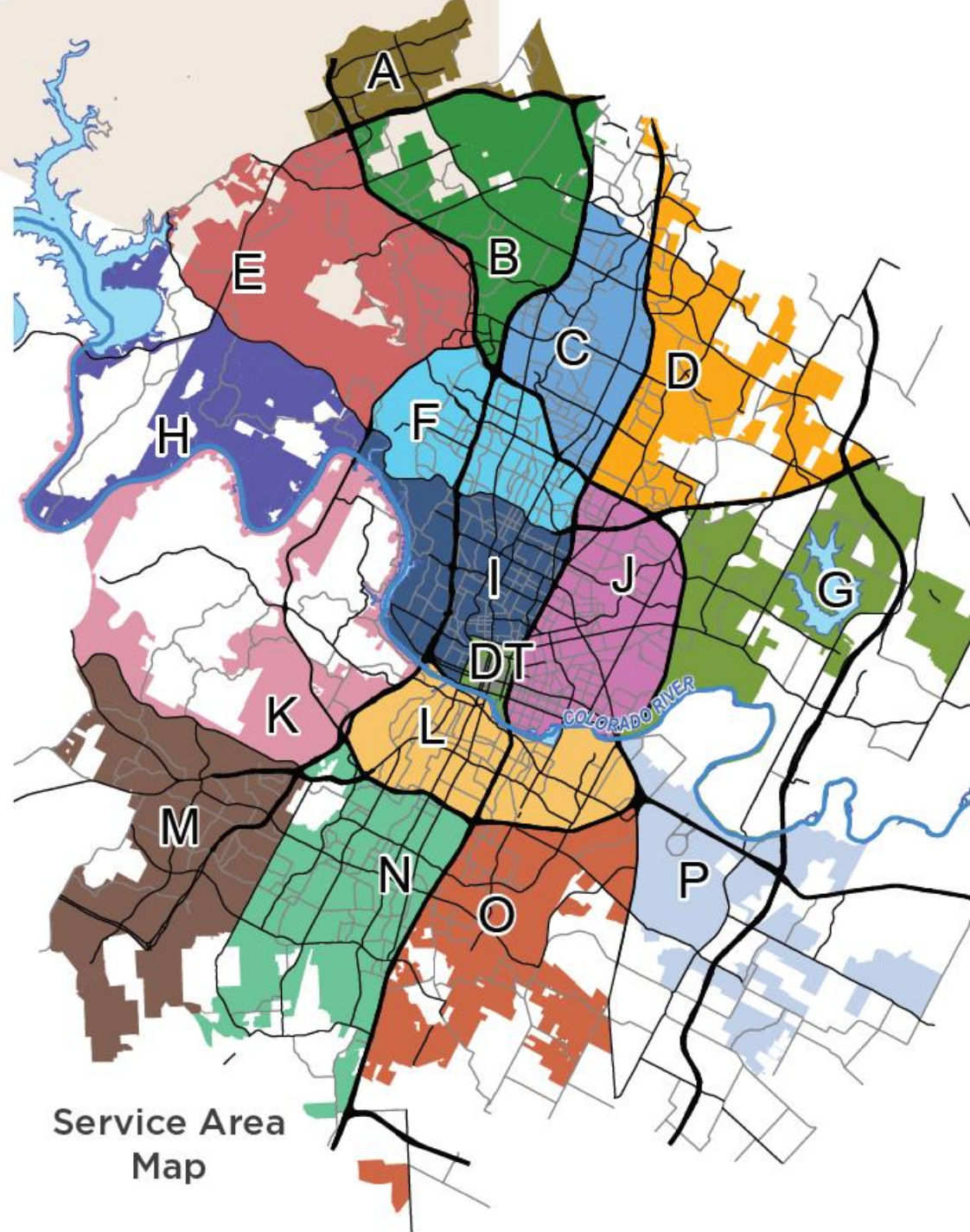
# Impact Fee Calculation

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



- 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

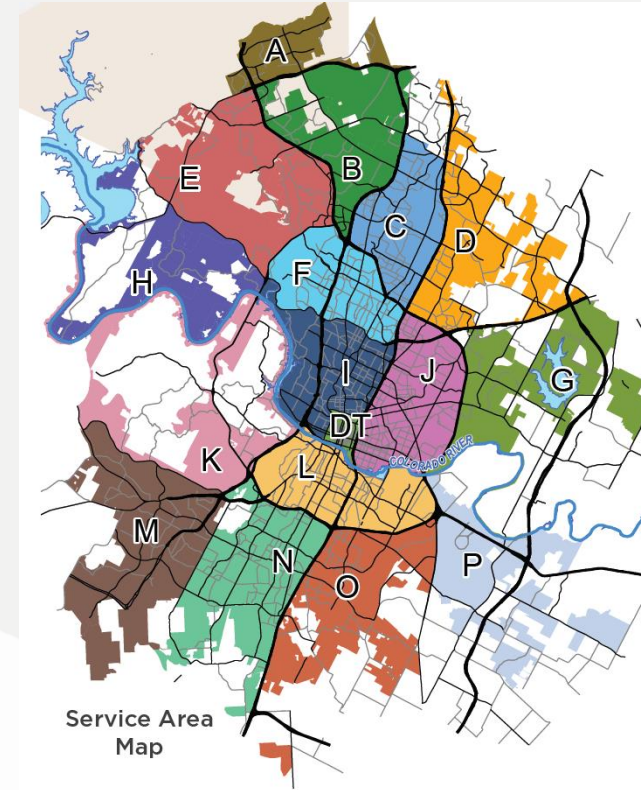
# Collected Fees – Considerations

Council can consider the following factors in establishing policy/equity:

- **Vary by Service Area:** Use a different collection option by Service Area
- **Vary by Land Use:** Use a different rate or percentage for residential and non-residential
- **Phased-In Approach:** Start with one option in year 1 and transition to another option in the future (e.g. Round Rock)
- **Offsets:** In all options, fees would be offset by system improvements that are built by development
- **Reductions:** Additional reductions for different development types that further other City objectives, such as affordable housing and transit-oriented development

# Maximum Impact Fees & Draft Recommended Rates

- Impact Fee Advisory Committee (IFAC) process to recommend 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 for non-residential uses
- 35% of maximum for residential uses

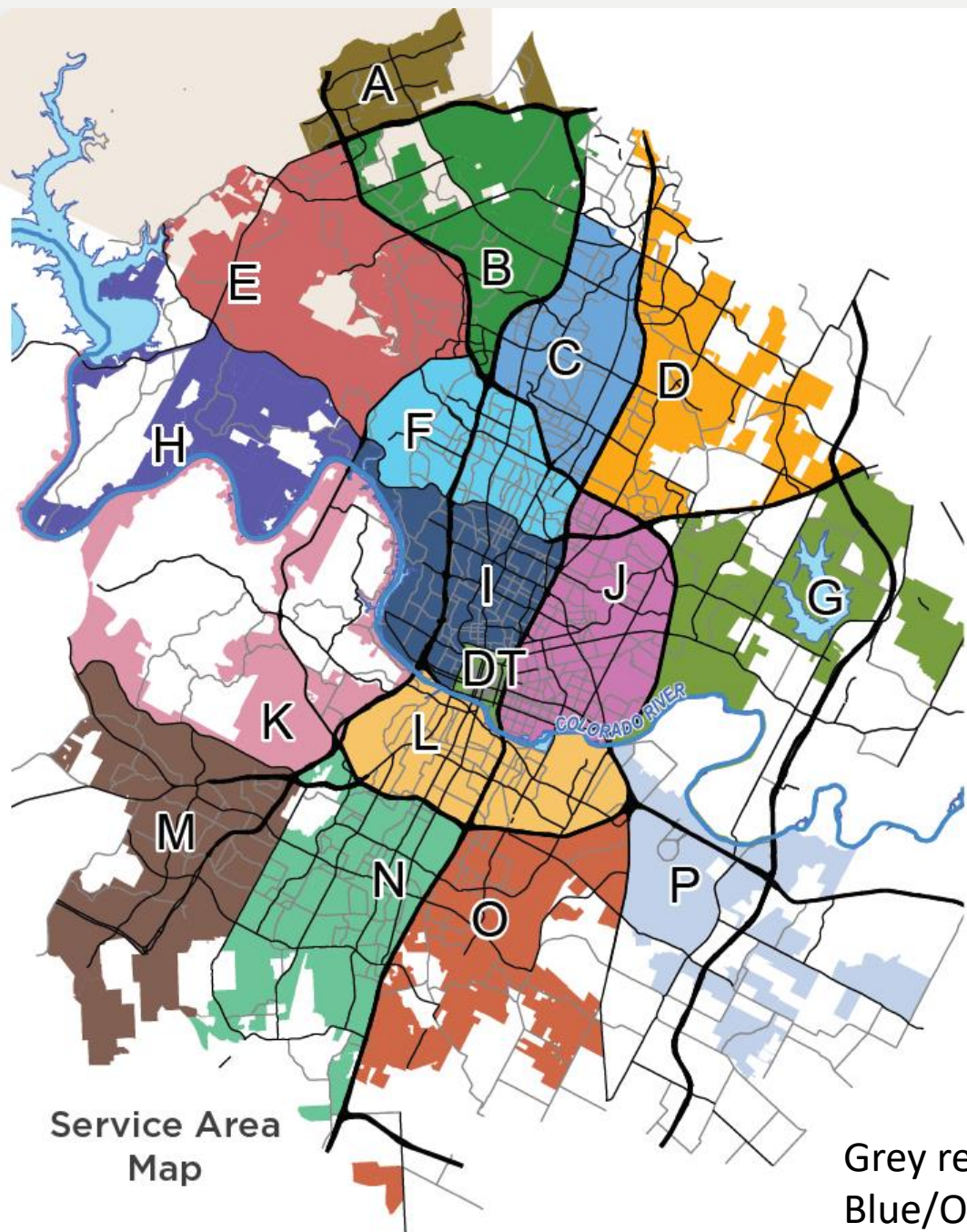


Maximum Fee Scenario					
Land Use	Average	Median	Highest*	Lowest**	Unit
Single Fam	\$ 10,633	\$ 9,449	\$ 24,504	\$ 3,906	DU
Duplex/ADU	\$ 6,013	\$ 5,345	\$ 13,862	\$ 2,205	DU
Restaurant	\$ 41	\$ 36	\$ 86.80	\$ 20.47	s.f.
Office	\$ 11	\$ 9	\$ 22.38	\$ 5.73	s.f.
Retail	\$ 21	\$ 18	\$ 45.90	\$ 9.94	s.f.

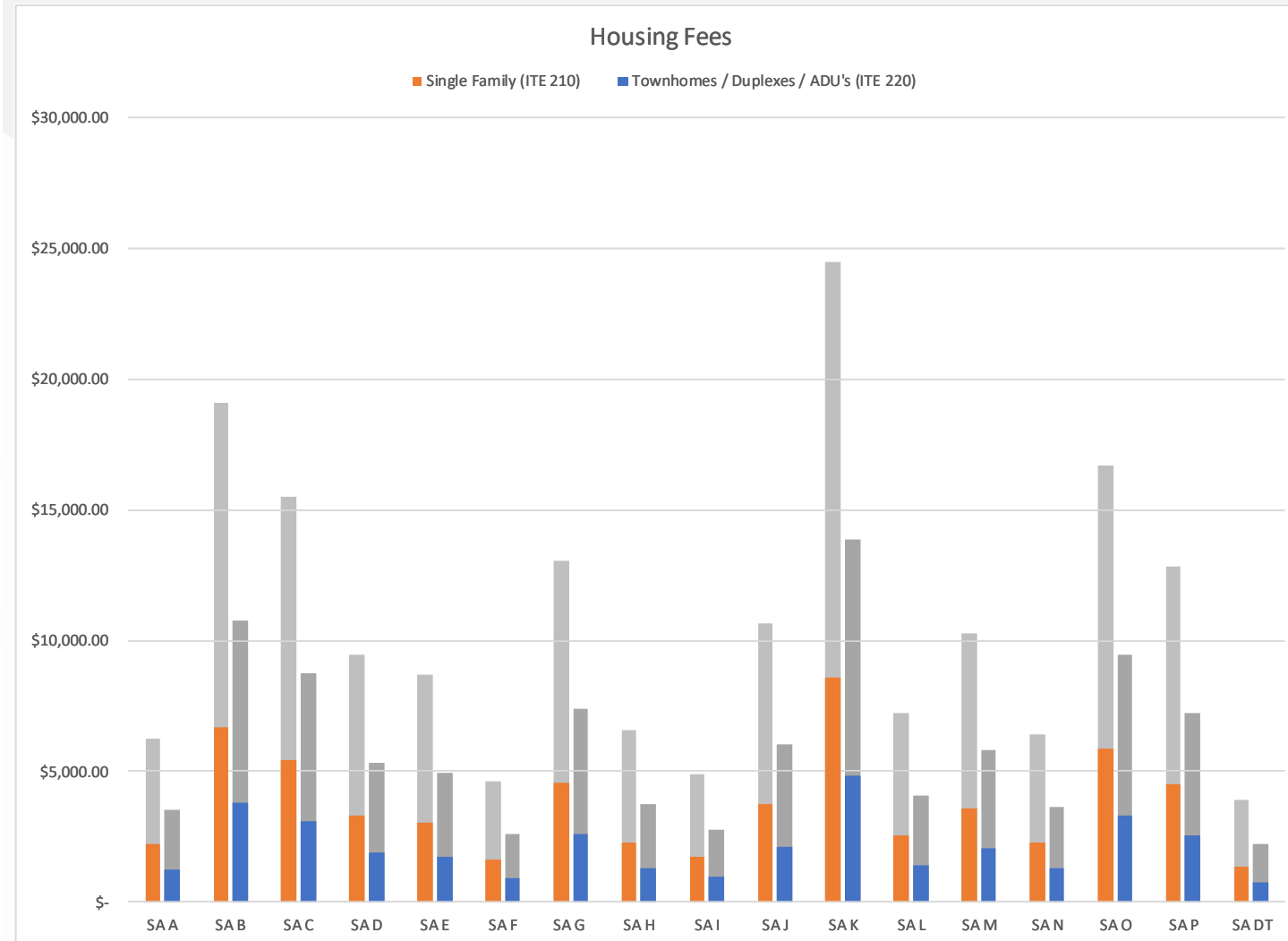
IFAC Recommended Rate					
Land Use	Average	Median	Highest*	Lowest**	Unit
Single Fam	\$ 3,721	\$ 3,307	\$ 8,576	\$ 1,367	DU
Duplex/ADU	\$ 2,105	\$ 1,871	\$ 4,852	\$ 772	DU
Restaurant	\$ 20	\$ 18	\$ 43.40	\$ 10.23	s.f.
Office	\$ 5	\$ 5	\$ 11.19	\$ 2.86	s.f.
Retail	\$ 11	\$ 9	\$ 22.95	\$ 4.97	s.f.



# Housing Fees



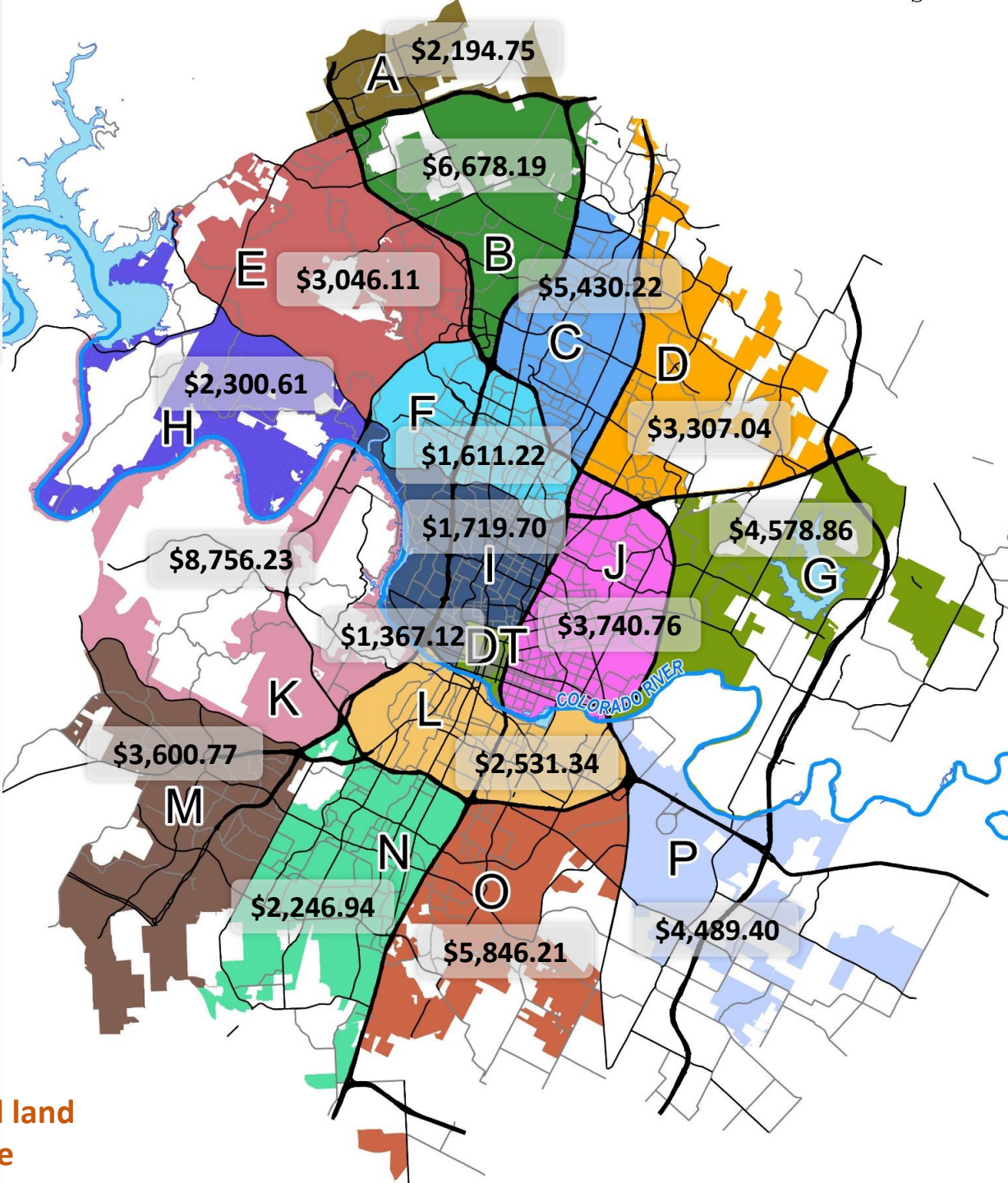
Service Area  
Map



Grey represents maximum fees,  
Blue/Orange represent IFAC recommended  
collection rate (35% of maximum)

# Single Family (ITE 210) Collection Rate

Service Area	Single Family (ITE 210) Collection Rate
A	\$2,194.75
B	\$6,678.19
C	\$5,430.22
D	\$3,307.04
DT	\$1,367.12
E	\$3,046.11
F	\$1,611.22
G	\$4,578.86
H	\$2,300.61
I	\$1,719.70
J	\$3,740.76
K	\$8,576.23
L	\$2,531.34
M	\$3,600.77
N	\$2,246.94
O	\$5,846.21
P	\$4,489.40

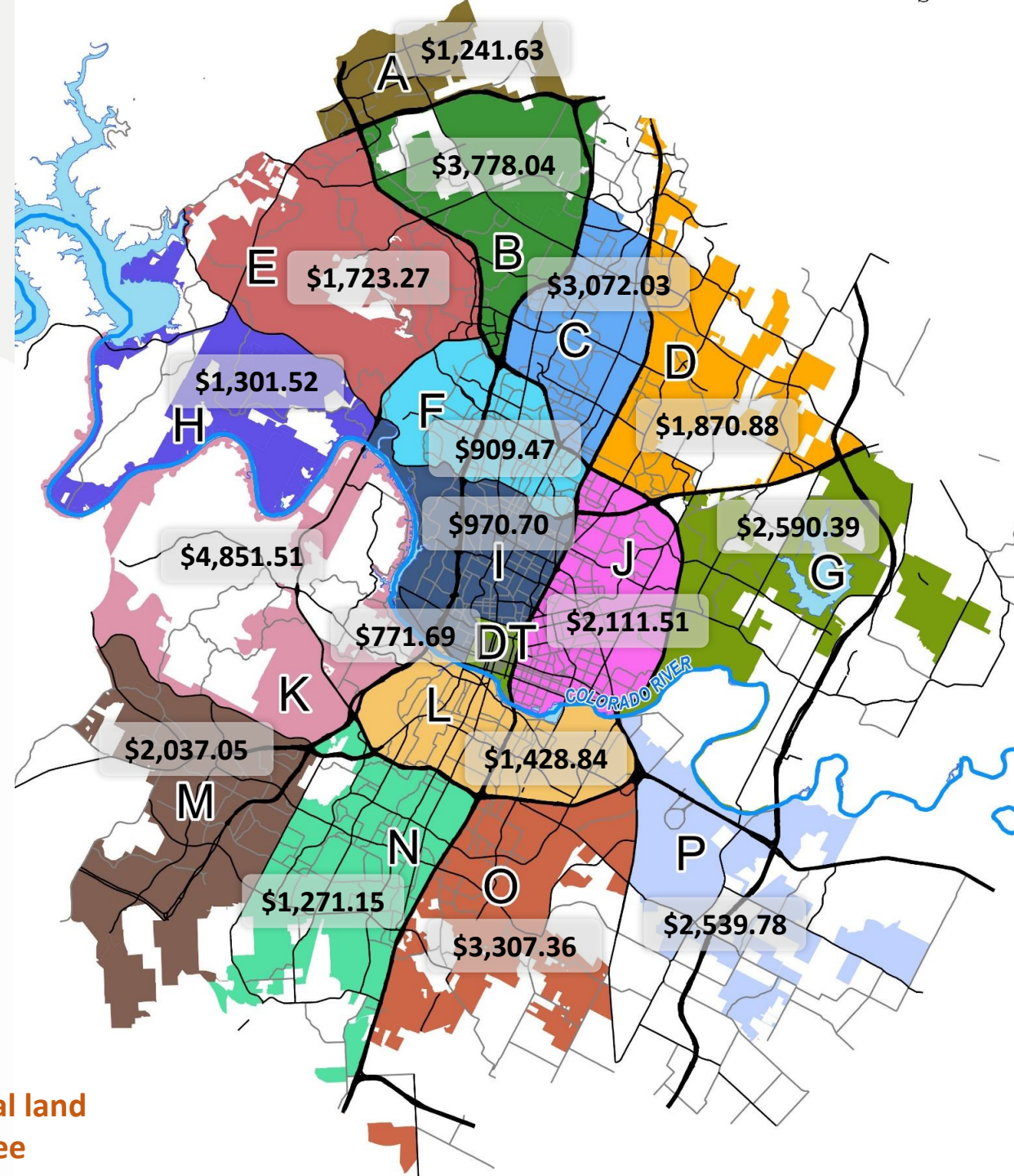


Note: \$ values shown reflect 35% of maximum for residential land uses as recommended by the Impact Fee Advisory Committee



# Duplex / ADU / 1-2 Story Multi- Family (ITE 220) Collection Rate

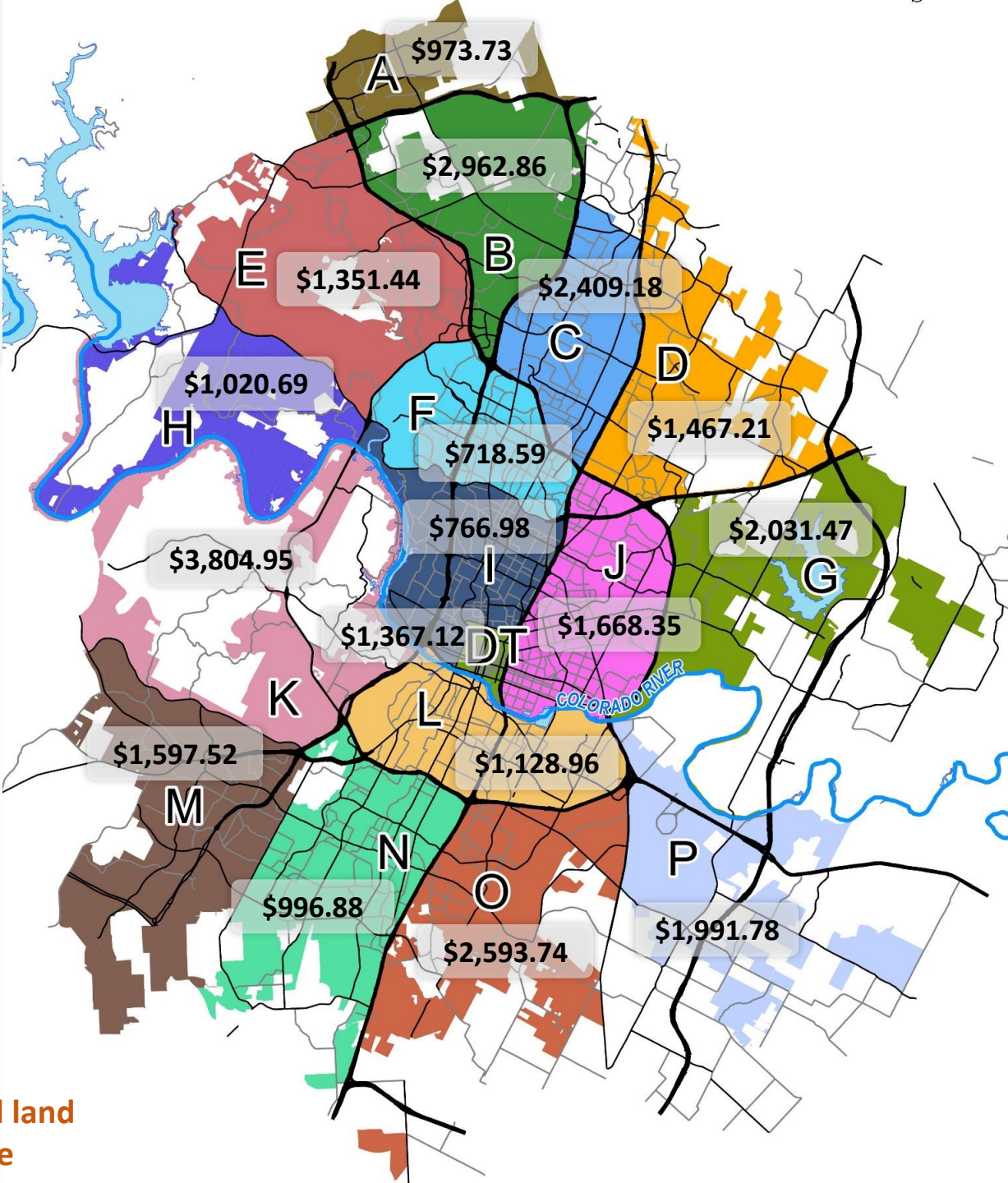
Service Area	Townhome / Duplex, ADUs or 1-2 Story Multi-Family (ITE 220) Collection Rate
A	\$1,241.63
B	\$3,778.04
C	\$3,072.03
D	\$1,870.88
DT	\$771.69
E	\$1,723.27
F	\$909.47
G	\$2,590.39
H	\$1,301.52
I	\$970.70
J	\$2,111.51
K	\$4,851.81
L	\$1,428.84
M	\$2,037.05
N	\$1,271.15
O	\$3,307.36
P	\$2,539.78





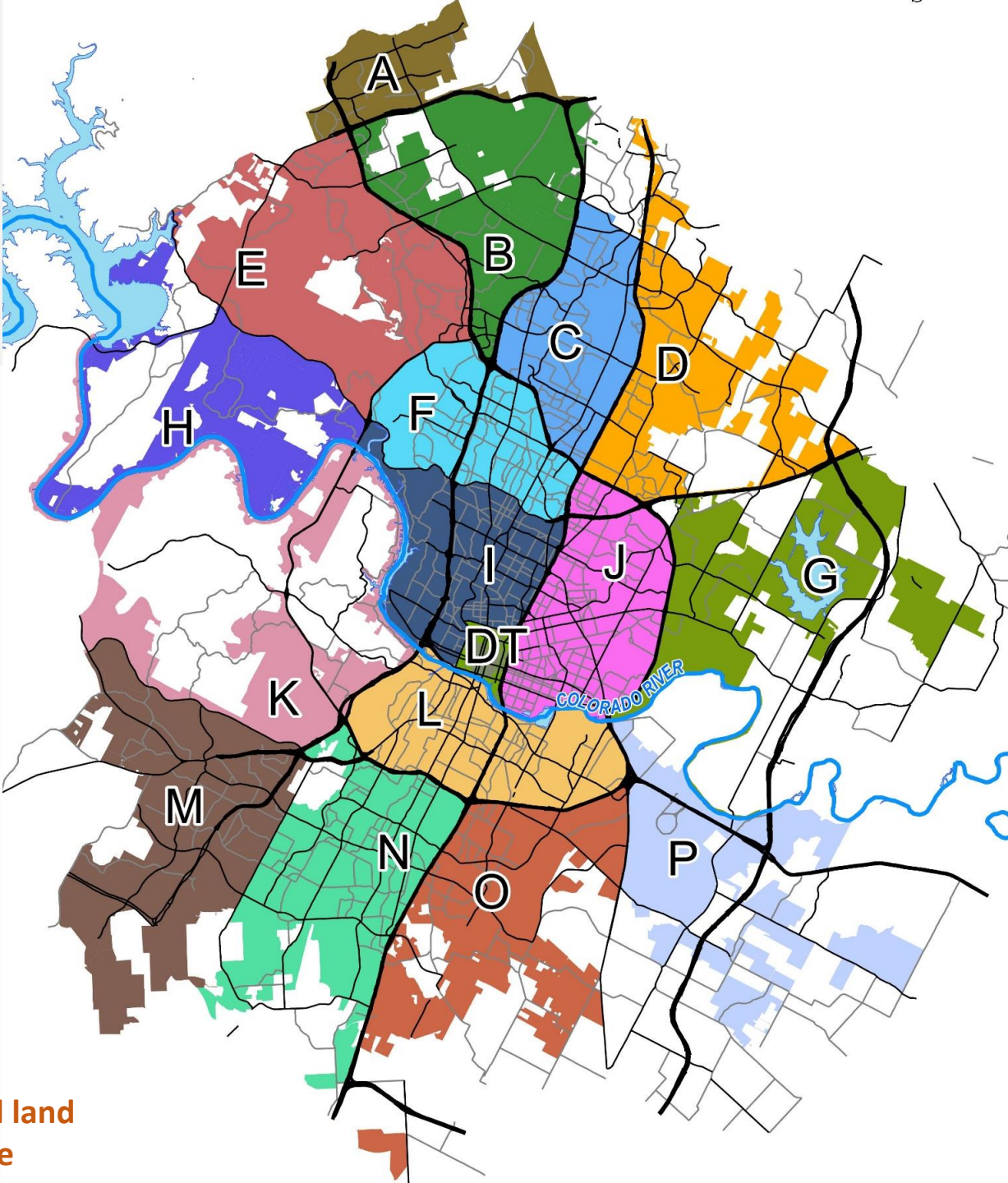
# Mid-Rise Apartments & Condos 3-10 Stories (ITE 221) Collection Rate

Service Area	Mid-Rise Apts & Condominiums 3 – 10 Stories (ITE 221) Collection Rate
A	\$973.73
B	\$2,962.86
C	\$2,409.18
D	\$1,467.21
DT	\$609.73
E	\$1,351.44
F	\$718.59
G	\$2,031.47
H	\$1,020.69
I	\$766.98
J	\$1,668.35
K	\$3,804.95
L	\$1,128.96
M	\$1,597.52
N	\$996.88
O	\$2,593.74
P	\$1,991.78



Note: \$ values shown reflect 35% of maximum for residential land uses as recommended by the Impact Fee Advisory Committee

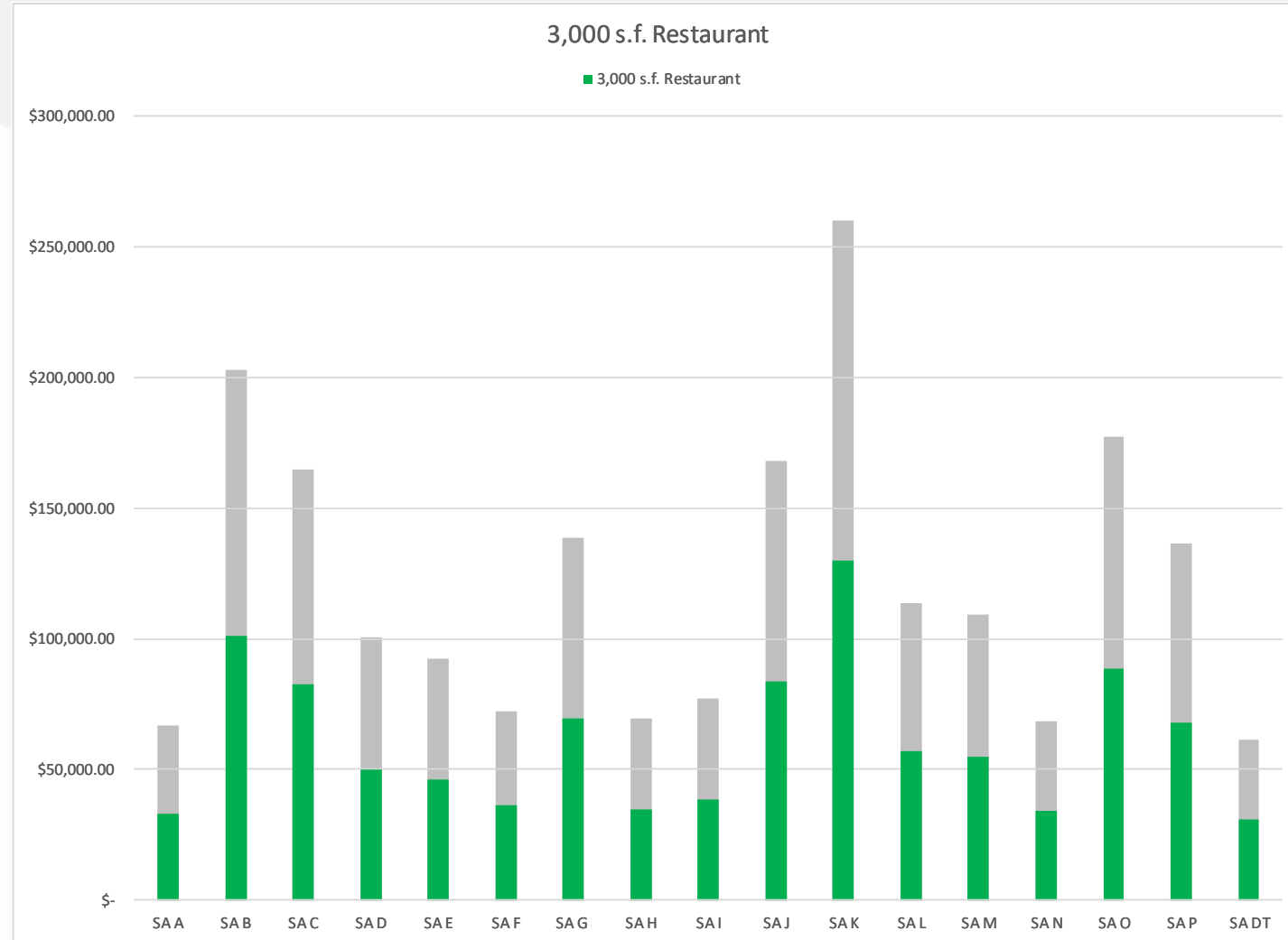
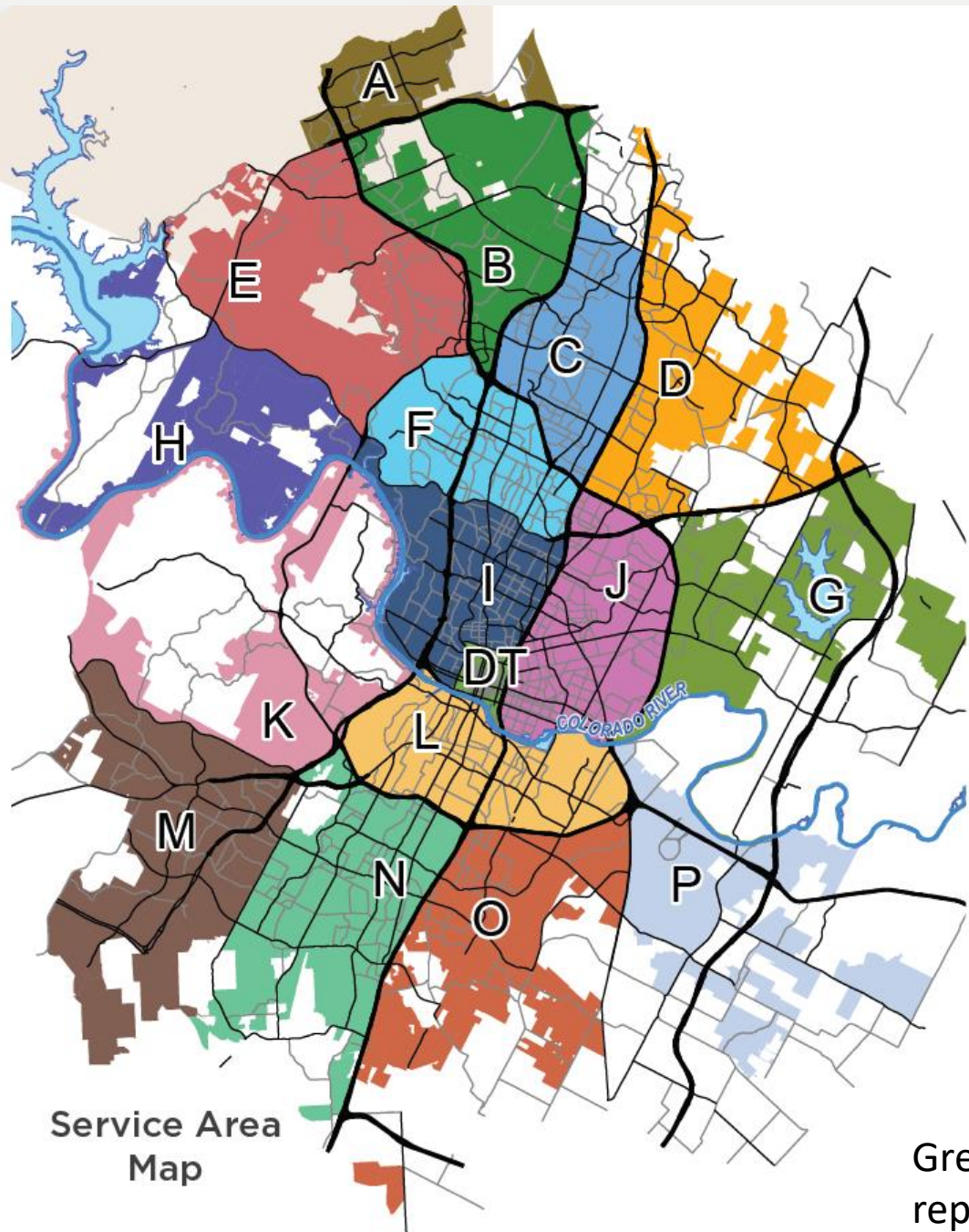
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**Note: \$ values shown reflect 35% of maximum for residential land uses as recommended by the Impact Fee Advisory Committee**

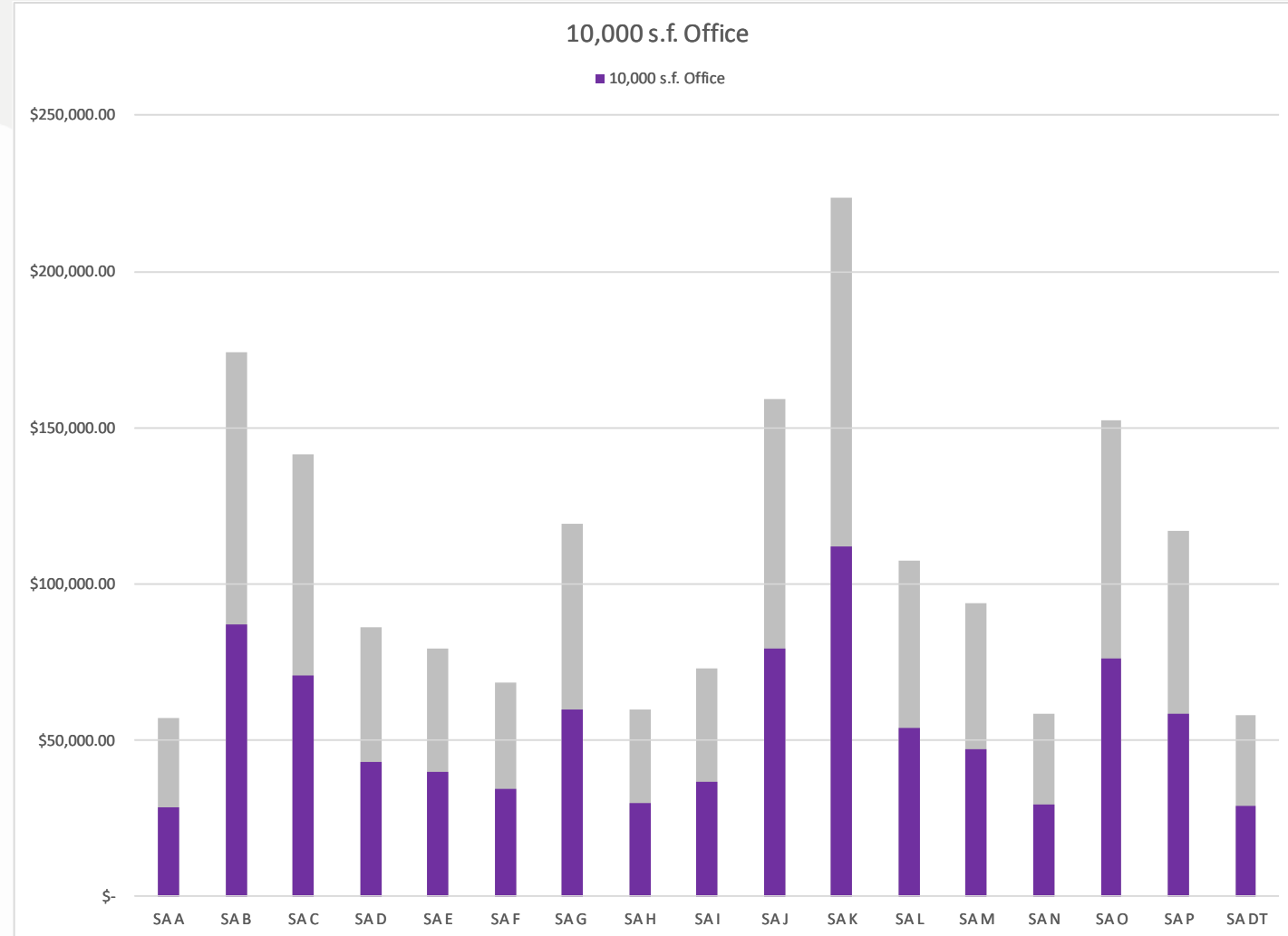
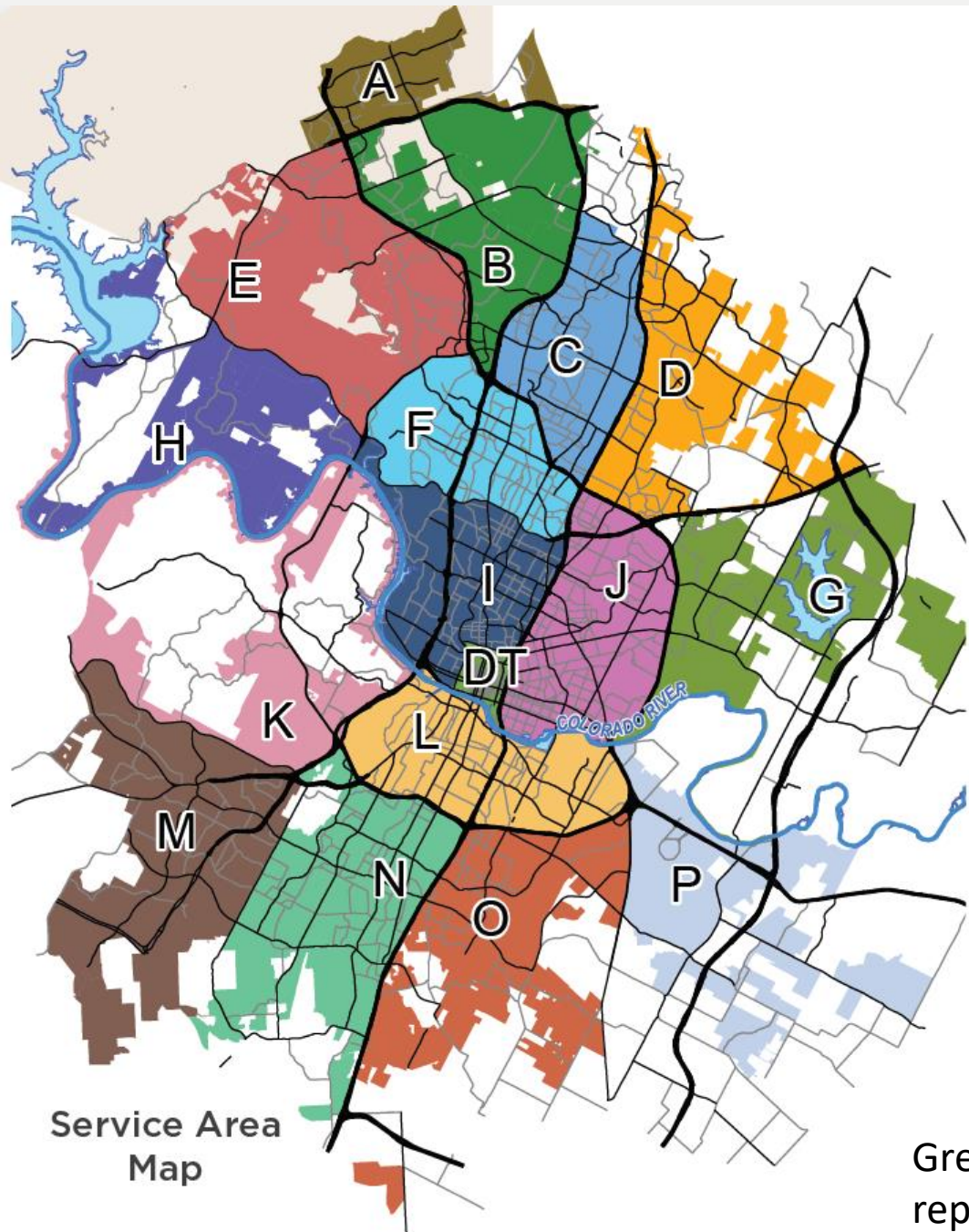


# 3,000 s.f. Restaurant



Grey represents maximum fees, Green represents IFAC recommended collection rate (50% of maximum)

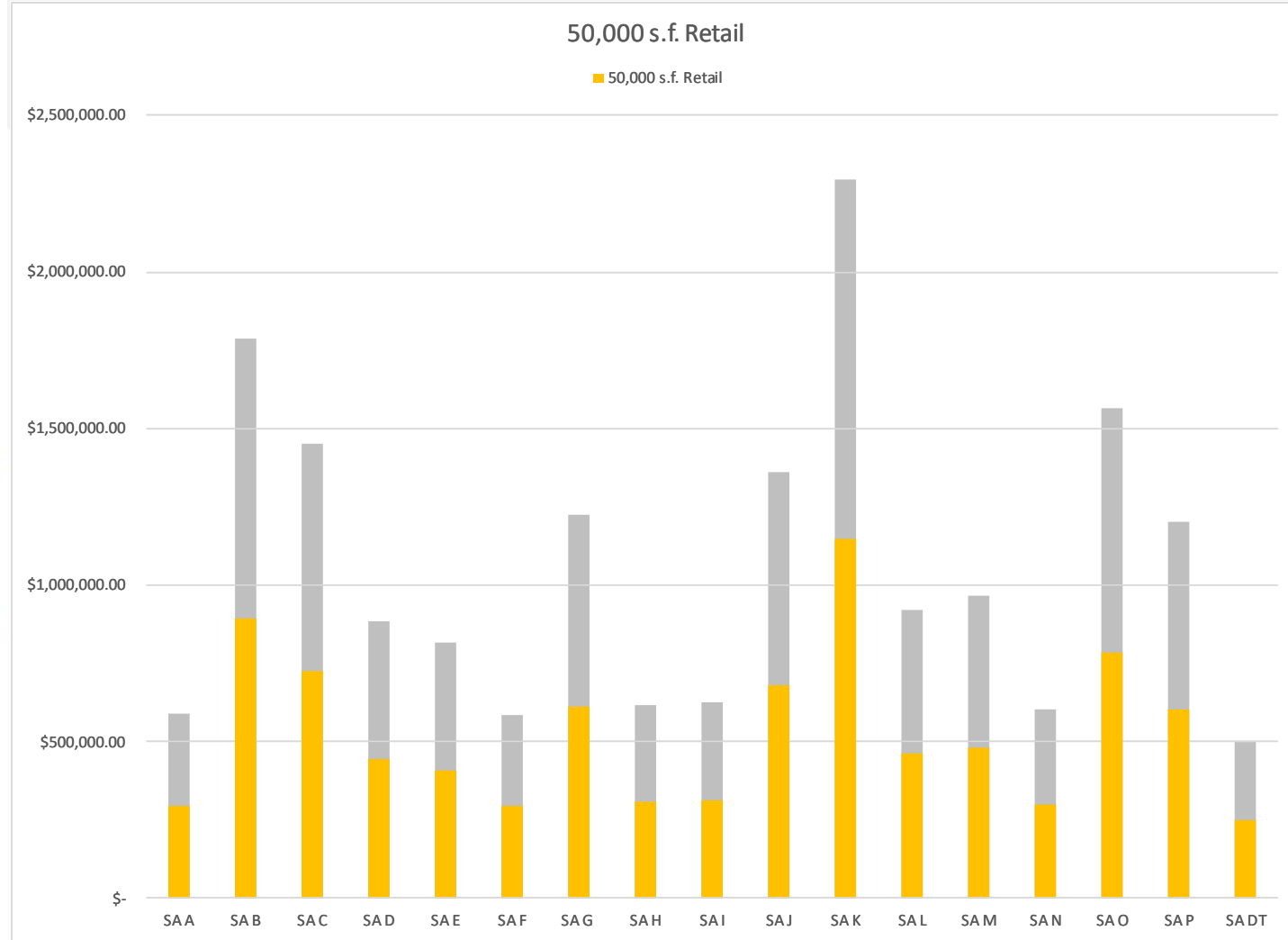
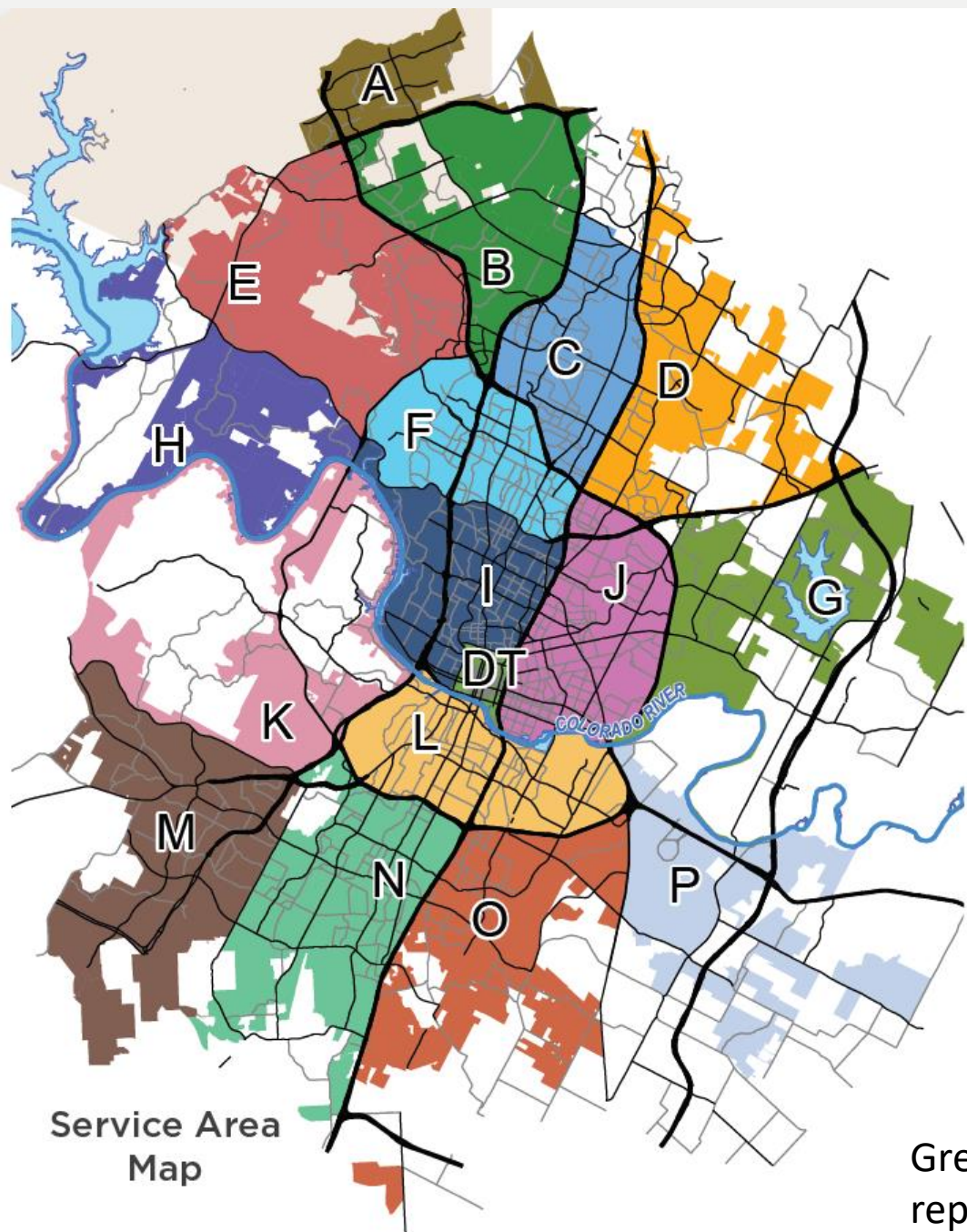
# 10,000 s.f. Office



Grey represents maximum fees, Purple represents IFAC recommended collection rate (50% of maximum)



# 50,000 s.f. Retail



Grey represents maximum fees, Yellow represents IFAC recommended collection rate (50% of maximum)

# 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)

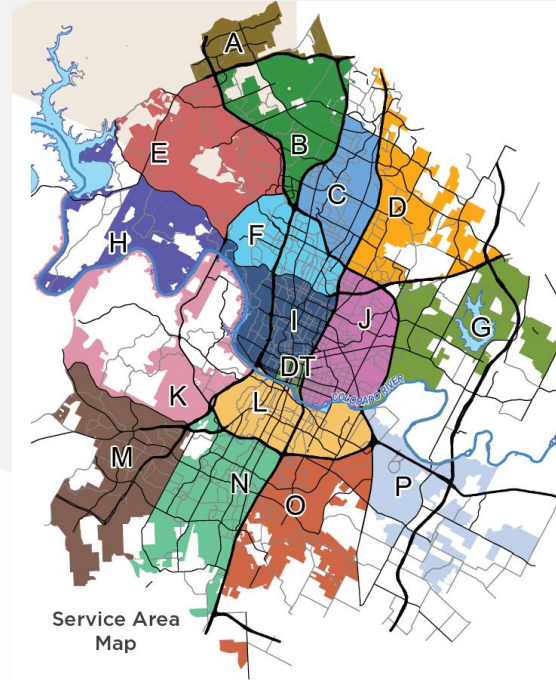


# Collection Rate Comparisons – SA G

Austin Development	Austin Mitigation/ TIA	Maximum	IFAC Recommendation	Round Rock <sup>+</sup>	Frisco <sup>+</sup>	Fort Worth <sup>+</sup>	Prosper <sup>+</sup>
298 Apartments	\$86,288	<b>\$1,729,648</b>	<b>\$605,778</b>	\$424,104	\$365,3488 - \$803,408	\$631,164	\$1,059,688 - \$1,397,620
55,000 ft <sup>2</sup> Office	\$317,388	<b>\$657,040</b>	<b>\$328,520</b>	\$107,402	\$216,315 - \$475,915	\$177,870	\$214,005 - \$282,260
397,000 ft <sup>2</sup> Office 46,700 ft <sup>2</sup> Restaurant 250 Apartment 100 Room Hotel	\$561,325	<b>\$8,858,400</b> <b>(\$8,415,480)</b>	<b>\$4,211,546</b> <b>(\$4,000,968)</b>	\$1,566,632	\$2,395,819 - \$5,270,671	\$2,274,362	\$2,785,632 - \$3,674,050
Single Family: 153 D.U. Office: 7,700 ft <sup>2</sup> Retail: 7,700 ft <sup>2</sup>	\$260,000	<b>\$2,282,302</b>	<b>\$840,908</b>	\$1,051,057	\$375,130 - \$785,925	\$624,023	\$761,045- \$1,003,832

+ Note: Comparison cities are collection rate, whereas Service Area Drafts are maximum fee allowable from pre-credit report.

() 5% Internal Capture Reduction – NO OTHER REDUCTIONS APPLIED

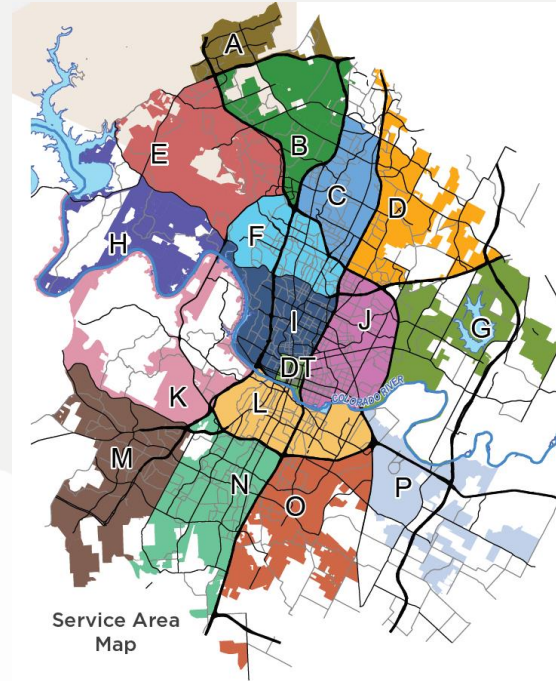


# Collection Rate Comparisons – SA I

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55,000 ft <sup>2</sup> Office	\$317,388	<b>\$402,063</b>	<b>\$201,031</b>	\$107,402	\$216,315 - \$475,915	\$177,870	\$214,005 - \$282,260
397,000 ft <sup>2</sup> Office 46,700 ft <sup>2</sup> Restaurant 250 Apartment 100 Room Hotel	\$561,325	<b>\$4,929,803</b> <b>(\$4,683,312)</b>	<b>\$2,382,726</b> <b>(\$2,263,590)</b>	\$1,566,632	\$2,395,819 - \$5,270,671	\$2,274,362	\$2,785,632 - \$3,674,050
Single Family: 153 D.U. Office: 7,700 ft <sup>2</sup> Retail: 7,700 ft <sup>2</sup>	\$260,000	<b>\$904,276</b>	<b>\$339,374</b>	\$1,051,057	\$375,130 - \$785,925	\$624,023	\$761,045- \$1,003,832

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# Summary of Draft Recommendations

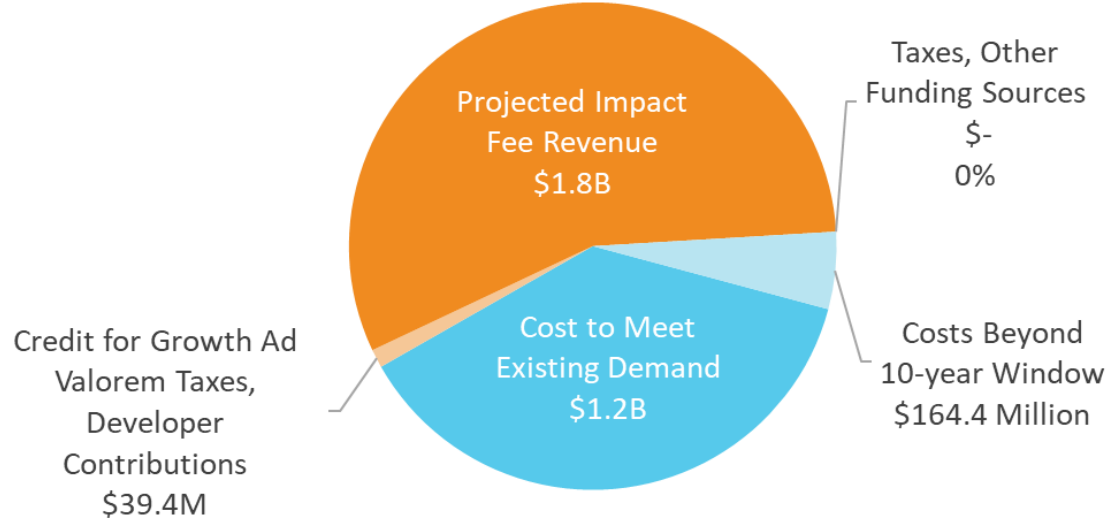
Policy Topic	Recommendation
Effective Rate	50% of Maximum for Non-Residential land uses, 35% of Maximum for Residential land uses
Reduction – Internal Capture	Use ITE Methodology, capped at 20%
Reduction – Transportation Demand Management	Follow City procedures to determine, capped at 40%
Reduction – 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

# Roadway Capacity Plan Costs and Revenue Projections

# RCP Cost Breakdown – Dollars

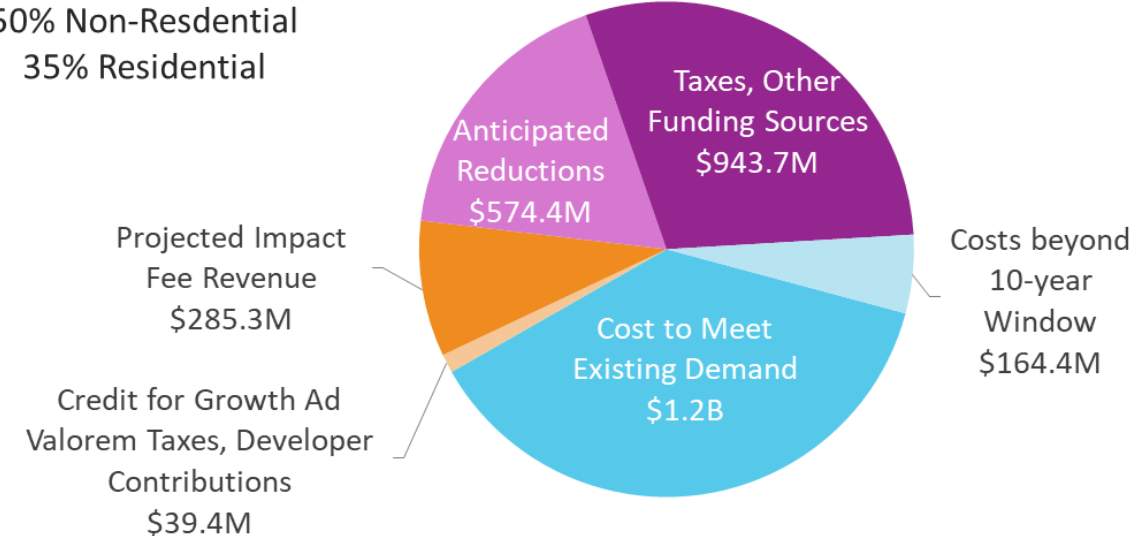
## Maximum Fee

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



## Draft Recommended Fees with Estimated Reductions

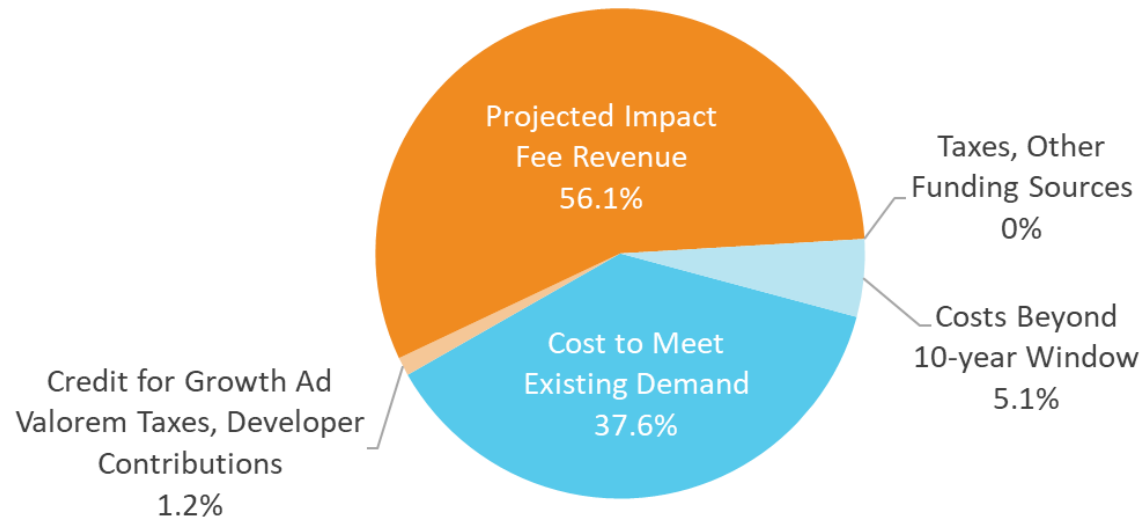
Street Impact Fees in Austin  
\$3.2B - Citywide  
Draft Recommended Rates:  
50% Non-Residential  
35% Residential



# RCP Cost Breakdown – Percent (%)

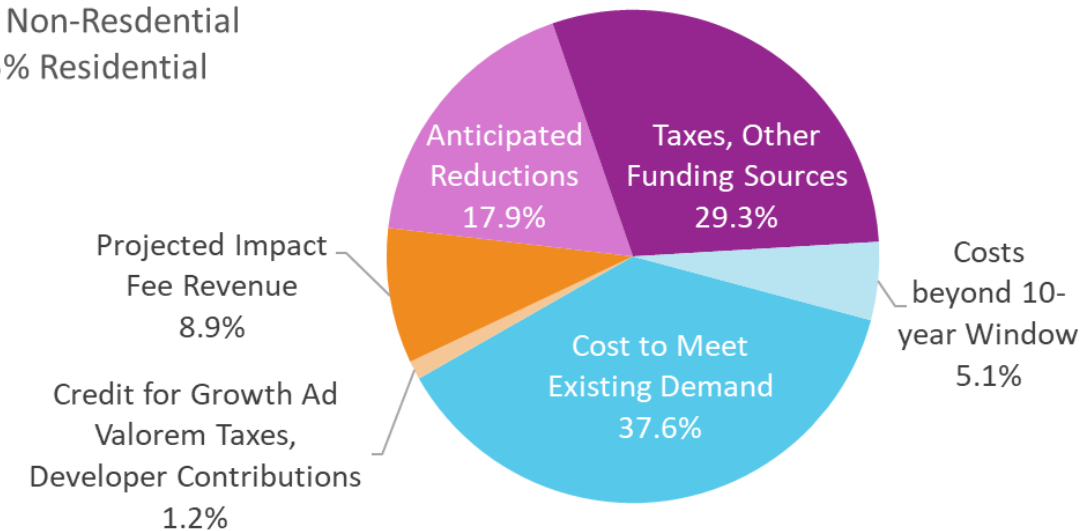
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## Draft Recommended Fees with Estimated Reductions

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





# 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)**

# Feedback

- Groups we've met with:

- 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
- Home Builders Association of Greater Austin
- Evolve Austin
- AURA

- What we've heard:

- Smaller and infill development concerns
- Encouraging ADUs
- Not wanting to disincentivize house-scale multifamily and missing middle
- Considering equity (historic underinvestment) & affordability
- Encouraging sustainable transportation and meeting ASMP goals
- Current economic environment
- Wanting growth to pay for growth

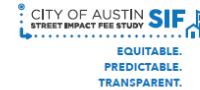
# Next Steps

- Continue public meetings and information on draft ordinance and policy considerations
- Meetings with Codes & Ordinances, Planning Commission
- Council briefings
- Public hearing (*proposed for July 30*)
- Ordinance approval
- Development of administrative procedures

# 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).

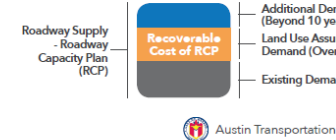
The Impact Fee Study report will provide the City Council with the maximum allowable roadway impact fee that could be assessed by the City of Austin. Following public review, discussion and a public hearing process, the City Council may establish an amount to be assessed (if any) up to the maximum established 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.

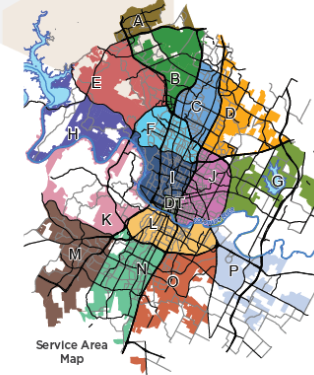


### CREDITS AND FINANCING

The recoverable cost of the RCP is refined to account for credits to developer's past contributions to transportation and anticipated ad 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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