

# COUNTY OF ALBEMARLE

## EXECUTIVE SUMMARY

<b>AGENDA TITLE:</b> CPA 2015-02 Fiscal Impact Advisory Committee and Planning Commission Recommendations on Cash Proffer Policy	<b>AGENDA DATE:</b> January 26, 2016
<b>SUBJECT/PROPOSAL/REQUEST:</b> Amendment to the Maximum Cash Proffer Policy	<b>ACTION:</b> X <b>INFORMATION:</b>
<b>STAFF CONTACT(S):</b> Bill Fritz, Steven Allshouse	<b>CONSENT AGENDA:</b> <b>ACTION:</b> <b>INFORMATION:</b>
<b>PRESENTER (S):</b> Bill Fritz	<b>ATTACHMENTS:</b> Yes
<b>LEGAL REVIEW:</b> "[Filled in by Legal reviewer-Yes/No]"	<b>REVIEWED BY:</b>

### BACKGROUND:

The County adopted a Cash Proffer Policy on October 10, 2007. This policy establishes maximum cash proffer amounts per residential unit based on unit type. The intent of the policy is that cash proffers address impacts to identified public facilities generated by new residential development. The amounts contained within the policy were based on the amounts contained in the Capital Improvements Plan (CIP) and Capital Needs Assessment (CNA). The amounts and projects in the CIP and CNA change over time which necessitates the need to recalculate the figures in the Cash Proffer Policy. In addition, the Code of Virginia has been amended since the County adopted the original Cash Proffer Policy. The County may now only consider those projects that expand capacity. The change in the State Code alone would necessitate the need to recalculate the figures in the Cash Proffer Policy. The Board of Supervisors directed the Fiscal Impact Advisory Committee (FIAC) and Planning Commission to recalculate the maximum per unit cash proffer amount and to provide recommendations regarding potential revisions to the credits available to applicants. The actions and recommendations of FIAC and the Planning Commission are outlined in the attachments listed below.

### STRATEGIC PLAN:

Goal 2. Critical Infrastructure. Prioritize, plan and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs.

### DISCUSSION:

FIAC and staff reviewed the CIP and CNA to determine what projects expanded capacity and therefore were eligible for inclusion in a Cash Proffer Policy. The County has adopted Cost Revenue Impact Model (CRIM) that attempts to account for revenues received from development and the costs associated with development. Staff updated CRIM to account for various changes including population density based on dwelling unit type, changes in school enrollment numbers and traffic generation. Using the updated CRIM and CIP/CNA numbers an updated maximum per unit cash proffer amount was generated. The new numbers are dramatically lower due to the fact that the CIP/CNA is primarily a maintenance program. When the policy was originally developed all facilities in CIP/CNA that served a development were included in calculating the proffer amounts. Because now only projects that expand capacity may be included, and relatively few expansion projects are in the CIP/CNA, the amounts are significantly lowered.

The Board of Supervisors also requested that FIAC and the Planning Commission discuss possible credits. The recommendation of the both bodies was to make limited changes to the policy now. The recommendation is to acknowledge existing practice which is to give credit for the level of by-right development that exists on the property prior to rezoning. Both bodies have expressed a desire to continue conversations about additional credits. The Planning Commission has expressed the need for the Board of Supervisors to provide further guidance on the purpose of credits. The discussion on credits, beyond those agreed to already by FIAC and the Planning Commission, is not part of this review. Those discussions will occur in later meetings and depending on the outcome of the discussions further revisions to the policy may be appropriate.

FIAC and the Planning Commission have also stated that the County should investigate models other than CRIM for determining the impact of new development on infrastructure. FIAC in particular has expressed

interest in studying dynamic models that may more accurately capture benefits and costs of development. The existing charter for FIAC allows them to investigate other models and they have stated a desire to begin that work soon. Just as with credits, this issue is not before the Planning Commission at this time. It will be the subject of future discussions and possible amendments to the policy.

**BUDGET IMPACT:**

The lower cash proffer amounts will reduce the amount of funds received as the result of each individual rezoning application. However, FIAC has discussed that the lower amounts may result in an increase in the number of rezonings which may offset the reduction in amount received in any individual rezoning. The impact of credits will be analyzed on a project by project basis.

**RECOMMENDATIONS:**

The changes in the State Code and the County's CNA/CIP necessitate the need to amend the existing policy. The policy should be amended or as an alternative to amending the policy, the cash proffer policy could be repealed and eh County could evaluate the impacts of each rezoning application on a case by case basis. If the County amends the policy staff recommends:

- 1) Retitle Policy to "Proffer Policy to Address Impact to Public Facilities Resulting from Residential Rezoning."
- 2) Amend the maximum per unit cash proffer amounts to:
  - o SFD - \$4,918 (2014 value was \$20,987)
  - o SFA/TH - \$3,845 (2014 value was \$14,271)
  - o MF - \$5,262 (2014 value was \$14,871)
- 3) Amend the current adjustment method to the maximum per unit cash proffer amount by dwelling unit type to a bi-annual adjustment based on the Board's adoption of the updated 5 year CIP and 10 year CNA.
- 4) Amend the calculation method of per unit cash proffer to exclude dwelling units that could be developed by-right using existing zoning.

*If the Commission prefers to recommend repealing the existing policy, staff notes a cash proffer policy is not required. The policy could be repealed in part to eliminate any specific maximum cash proffer, and provide only that the cash contribution be reasonable. If the policy was repealed in its entirety, County staff will resume a project by project analysis of impacts, as done before the Cash Proffer Policy was adopted*

**ATTACHMENTS:**

- Attachment A – [Board Directive Memo](#)
- Attachment B – [Report of FIAC](#)
- Attachment C – [Action of the Planning Commission](#)
- Attachment D – [Summary of FIAC and Planning Commission recommendations](#)
- Attachment E – [Recalculation of Per-Unit Cash Proffer Amounts by Dwelling Unit Type](#)
- Attachment F – [Revised Cash Proffer Policy](#)