

Appendix 3: Growth Management

This information is intended to provide greater detail on items described in the Growth Management Chapter of the Comprehensive Plan. Items in this Appendix are part of the Comprehensive Plan, provide policy direction as if they were a strategy within the individual chapter, and carry the same weight of the Comprehensive Plan.

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A.3.3	<u>Cash Proffer Policy for Public Facilities</u> Provides details about Albemarle County's Cash Proffer Policy related to the rezoning of land pursuant to the development process.

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CASH PROFFER POLICY FOR PUBLIC FACILITIES

Amended June 10, 2015

A. General

1. **Authority:** Virginia Code § 15.2-2303 enables the County to accept proffers as reasonable conditions to address the impacts resulting from a rezoning. This authority includes the authority to accept cash contributions to address impacts to public facilities generated by new residential development.
2. **Policy:** It is the policy of the County to require that the owner of property that is rezoned for residential uses to provide cash proffers equivalent to the proportional value of the public facilities deemed necessary to serve the proposed development on the property. Accordingly, the Board will accept cash proffers for rezoning requests that permit residential uses in accordance with this policy. However, the Board may also accept cash, land or in-kind improvements in accordance with County and State law to address the impacts of the rezoning.
3. **Reasonableness:** This cash proffer policy must meet a “reasonableness” test, which requires the Board to determine for each rezoning whether the amount proffered is reasonably related both in nature and extent to the projected impacts of the proposed development on public facilities. Through this policy, staff will recommend a maximum cash proffer in each case that meets this test of reasonableness.
4. **Public facilities covered by this policy:** The following public facilities will be funded by cash proffers: schools, transportation, parks, libraries and public safety. The County does not currently calculate a cash proffer value to fund public facilities such as water and sewer improvements, jails, landfills and other government facilities.

B. Maximum Per Unit Cash Proffer Amount

1. **Maximum:** The maximum cash proffer that the Board will accept for public facilities from residential rezoning applicants is \$17,500.00 per SFD; \$11,900 per SFA/TH; and \$12,400 per MF unit, to be adjusted annually without any further action by the Board according to the most applicable Marshall and Swift Building Cost Index, as determined by the Director of Community Development, and as expressly provided in the proffer statement.
2. **Annual adjustment:** Adjustments to the cash proffer amount due to projected public facilities costs may be considered every fiscal year. Staff will re-compute net costs based on the current methodology and recommend adjustments.

C. Calculation of Per Unit Cash Proffer Amount for a Rezoning

1. **General:** Pursuant to this policy, staff will (i) calculate the annual net cost of public facilities; (ii) calculate the fiscal impact of a rezoning request that permits residential uses on those public facilities; and (iii) administer the collection and expenditure of the proffered funds in accordance with State law.
2. **Assumptions made in calculating the cash amount:** Staff determines the cost of public facilities generated by new residential development by relying on the assumption that any revenue derived from growth (residential and commercial real estate taxes, sales taxes, fees, etc.) will pay the normal operating costs for services to residents of new developments and a percentage of the County’s Capital Improvements Program (CIP).

3. Determining number of dwelling units in rezoning: A rezoning's impact on public facilities will be evaluated based on the gross number of proposed dwelling units. When calculating the gross number of dwelling units, staff will:
 - a. Use the upper end of the density range allowed by the rezoning.
 - b. Not give credits for those dwelling units permitted under existing zoning regulations (except as provided in sections C (6) (c) and (e) or on agricultural lots, and will not consider the transferring of allowable units from other properties.
 - c. Exclude dwelling units qualifying as affordable housing under the County's definition of affordable housing. *This exclusion does not apply to cash provided in lieu of affordable units. (amended 2015)*
4. Use of averages: In determining the net cost per dwelling unit of a public facility, staff relies on countywide averages, where possible. For certain public facilities, staff relies on averages established for geographic service areas or districts established in the County.
 - a. Parks, libraries and public safety facilities: Since parks, libraries, and public safety facilities serve the entire County, the geographic service districts for these facilities are determined to be countywide. Rezoning requests will be analyzed on a countywide basis to determine impacts on these facilities and proffers may be spent to fund these facilities countywide.
 - b. Schools: The impacts of a residential development on schools will be analyzed on a district basis to determine impacts on schools. In order to ensure that the cash proffered by an applicant is used to fund the public facilities impacted by or required for the development, the County is divided into three geographic service districts corresponding to the attendance zones of high schools. District 1 corresponds to the attendance zone for Albemarle High School, District 2 corresponds to the attendance zone for Western Albemarle High School, and District 3 corresponds to the attendance zone for Monticello High School. Funds collected from a development within a District will be spent on school improvements within that District or for any school improvement that provides relief for the District the development is in.
 - c. Transportation: With respect to transportation, the fiscal impact of rezoning requests will be analyzed on a countywide basis, with cash collected from a rezoning expended on transportation projects in the County's Comprehensive Plan and associated Master Plans, CIP/CNA, Strategic Plan, or VDOT Six Year Improvement Plan that relate to the impacts resulting from the rezoning.
5. Consideration of demand, service level and cost: In addition to the use of averages, staff will consider the four "components" involved in calculating what a new dwelling unit will cost the County in terms of providing public facilities. These components are as follows:
 - a. Demand generators: Staff uses the average for single family detached (SFD), Single Family Attached / Townhouse/Condominium (SFA/TH) and Multi-Family/Apartment (MF) to determine the number of persons per dwelling unit, the number of students per dwelling unit (for elementary, middle and high schools) and the number of daily vehicle trips per dwelling unit to calculate demand generators (population, population portion of population plus jobs, pupils, and daily vehicle trips) associated with a new dwelling unit.
 - b. Service levels: Staff assumes that the public facilities contained in the County's CIP/Capital Needs Assessment (CNA) and Strategic Plan will accommodate ten years' worth of new development in a manner that will maintain present levels of service. Service levels are

calculated on a per-person, per-pupil, and per-daily vehicle trip basis. (Service levels are calculated annually).

- c. Gross cost of public facilities: Staff calculates the gross cost of public facilities. The term gross cost is used because a credit (described in C (5) (d) below) for anticipated future revenues from a new dwelling unit will be applied against the gross cost. For example, to calculate the gross cost of park facilities, the average persons per dwelling unit is multiplied by the County's per-capita CIP/CNA/Strategic Plan amount for park facilities.
 - d. Net cost: Staff calculates the net cost per public facility or maximum cash proffer. This is the gross cost [(C) (5) (c)] per public facility minus the applicable credit [(C) (6)] per public facility.
6. Credits: Staff calculates a credit to apply against the gross cost for each public facility. The County has issued and plans to continue to issue general obligation bonds to finance the construction of public facilities. New development will generate real estate and other taxes to the County and staff assumes that a percentage of these taxes will go to help retire this debt. So that new dwelling units are not paying twice (once through payment of a cash proffer and again through real estate taxes) a credit is computed. For FY 08, that percentage is assumed to be 6%. Credits are authorized for the following:
- a. Land and public infrastructure: In some cases, a rezoning applicant may wish to mitigate the development's calculated impact on public facilities by dedicating property or doing in-kind improvements in lieu of all or a portion of the cash proffer. The dedication of land and the construction of public facilities recommended by the County's CIP or its master plans, or otherwise identified as being necessary to address the impacts resulting from the proposed development. Land and improvements that are not identified in the CIP or in a master plan should be entitled to a credit only when it is found that the proposed development creates an immediate need for the land or improvement that is better addressed by the applicant dedicating the land or constructing the improvement than by receiving the cash equivalent. Credit for transportation may be allowed for off-site land dedication or improvements, as recommended by the Department of Facilities Development.
 - (1) Determining value: The value of donated land generally will be based on the current assessed value of the specifically proffered property (not the assessed value of the property as a whole), not to exceed the cost per acre used in the calculation of the proffer. The value of improvements shall be the estimated cost as if constructed by a governmental entity. If the dedication or in-kind improvement does not fully mitigate the development's calculated impact on public facilities, then the dedication and/or improvement's value may be applied as a credit against the development's calculated impact on the applicable public facility.
 - (2) Maximum credit: The credit cannot exceed the development's calculated impact on the applicable public facility.
 - b. Operational expenses: Operational expenses where the Board determines that the cash contribution reduces the demand for public facilities. For example, a cash proffer for the operational expenses of public transit that eliminates the need for planned road improvements could be entitled to a credit, which would be an amount comparable to the reduction in infrastructure costs.
 - c. No increase or small increase in density: In rezoning applications where there is a minimal increase in density, a credit may be given for the number of residential units allowed under the existing zoning and the cash proffer amount will be based only on the estimated density

increase resulting from the rezoning. This credit may be allowed only for those rezoning applications where the rezoning seeks the design flexibility allowed by the Neighborhood Model zoning district or seeks to amend a prior rezoning with no increase in density. The credit should not be allowed if the rezoning application seeks to increase density in a conventional, rather than a planned, zoning district.

- d. Small infill development with existing dwellings: In rezoning applications for small infill developments, a credit may be given for each existing dwelling that will remain. For example, if a rezoning application would rezone a lot with an existing house to allow three lots, only two new lots would be created allowing two new dwelling units. If the existing dwelling unit will remain after the rezoning, the cash proffer policy should apply only to the two new dwelling units.
 - e. Substantial upgrades to design/development standards: The Board may consider development proposals that include substantial upgrades to current design/development standards and ordinance requirements as justification for granting a credit to the pre-existing lot yield. Pre-existing lot yields will be calculated using average actual recorded lot yields provided the applicant has not otherwise submitted documentation indicating higher lot yields in conformance with existing ordinances and reflective of site specific physical features.
 - f. Unique circumstances: The County considers any unique circumstances about a proposed development that: (i) mitigate the development's projected impact on public facilities; and (ii) create a demonstrable reduction in capital facility needs. Unique circumstances may include, but not be limited to, such projects like an age-restricted housing project. Staff, the applicant or any other person may identify such mitigating circumstances.
7. Applicable policy: A rezoning's fiscal impact on public facilities shall be established under the cash proffer policy in effect on the date of the last public hearing prior to the Board of Supervisors' decision on the rezoning.

D. Timing of Contribution and Expenditure of Cash Contributed

- 1. Timing: Payment of the cash proffer for residential development must occur prior to release of a building permit. Timing for dedication of property or in-kind improvements should be specified in the proffer.
- 2. Expenditure: The cash contributions shall be expended in accordance with State law. Cash contributions received under this policy must be used for projects identified in the Comprehensive Plan and associated Master Plans, CIP/CNA, and/or Strategic Plan. For public facilities having a countywide service area (parks, libraries and public safety), the cash contribution may be spent countywide.