



Albemarle County

Legislation Text

File #: 21-204, **Version:** 1

AGENDA DATE: 3/3/2021

TITLE:

Community Development Fees Review

SUBJECT/PROPOSAL/REQUEST: Presentation and discussion of proposed updates to Community Development fees

ITEM TYPE: Regular Information Item

STAFF CONTACT(S): Richardson, Kamptner, Herrick, Walker, Filardo, Allshouse, S.

PRESENTER (S): Steven Allshouse

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: Under the provisions of Chapters 5, 14, 17, and 18 of the County Code, the Department of Community Development (CDD) charges fees for a number of services that the Department provides to the development community and the general public. The purpose of the fees is to help CDD recover a portion of the cost of providing these services.

In August of 2008, the Board adopted a policy for updating the levels of existing fees. This policy provides for biennial fee adjustments, based on Board-approved salary adjustments. Under this approach, if Board-approved staff salaries increased cumulatively by a certain percentage over the course of the two years, CDD fees would increase by that same percentage. This policy has not been routinely applied. Most CDD fees were last adjusted on November 1, 2015, although some fees were adjusted as recently as November 1, 2018 and as far back as July 1, 2014.

The lack of increase in fee levels over the course of several years has made it progressively challenging for CDD to cover the cost of providing services, including the provision of mandated services. In addition, staff has recently identified several CDD costs that the current County Code does not address, which further constrains the department's ability to provide efficient services.

On January 6, 2021, the Board adopted a Resolution of Intent to update the CDD fees. The Board's public hearing is scheduled for April 21, 2021.

STRATEGIC PLAN: Mission - To enhance the well-being and quality of life of all community members through the provision of the highest level of public service consistent with the prudent use of public funds.

DISCUSSION: In order to help address the imbalance between the cost of providing services and the fee revenue generated from those services, staff propose two strategies, increasing existing fees and establishing new fees, as described below.

Increase existing fees consistent with the policy that the Board of Supervisors adopted in August of 2008. As noted above, CDD fees have been adjusted in recent years, during Fiscal Year (FY) 2015, 2016, and 2019. Board-approved salary increases in the intervening years increased cumulatively by 13.36% (FY 15 to 21), 10.05% (FY 16 to 21), and 3.00% (FY 19 to 21), respectively. In Attachments A through D, staff has used these respective percentage changes to make the appropriate proposed adjustments to existing CDD fees. These proposed amounts appear in red font. Staff envisions that these levels would become effective July 1, 2021 (FY 22). Please be aware that proposed changes in existing fees related to Chapter 18 of the Code need to go before the Planning Commission (PC) for a public hearing. On February 2, 2021, staff made a presentation to the PC regarding proposed changes to Chapter 18 fees. The PC public hearing is scheduled for March 23, 2021.

Establish new fees that would capture CDD costs that the current County Code does not include. Staff has identified several services related to architectural review, building inspections, and Water Protection Ordinance-related activities for which CDD currently does not charge a fee. Staff has estimated the amount of time necessary to perform each of these services, the associated costs in terms of salaries and benefits, and the indirect costs that these services generate in terms of administrative work and technological infrastructure. Staff recommendations for new fees, and the proposed dollar or percentage levels of these fees, appear in green font in Attachments A, B, C, and D. Staff envisions that these new fees would become effective July 1, 2021 (FY 22). Please be aware that the proposed new fees in Chapter 18 of the Code will need to go before the Planning Commission for a public hearing. As mentioned above, staff made a presentation of proposed Chapter 18 fees to the PC on February 2, 2021, and the PC's public hearing is scheduled for March 23, 2021.

As part of staff's work to update CDD fees, staff has examined other jurisdictions' development-related fees to determine if proposed updated levels for existing fees, and proposed levels for new fees, are reasonable. Staff specifically has looked at the technology fees that exist in Fairfax and Montgomery Counties and the architectural review fees in the City of Alexandria, as well as the broader fee structure in the City of Charlottesville and Hanover, Henrico, James City County, and Roanoke Counties.

Additionally, staff is undertaking case studies of properties in the County that have been developed in recent years to compare the total level of fees that the County charged for each of these projects to the total level that would be charged under the proposed updated fees. The goal of these case studies is to determine the impact that the adoption of the fees would have on the overall cost of similar projects.

Staff has engaged in community outreach as part of this work. Notifications were sent through the County's e-newsletter subscribers as well as anyone who has done planning and/or building work with CDD in the past two years, inviting them to learn about the proposed updates to CDD's fees, and provide feedback about the fees: <https://www.albemarle.org/government/community-development/community-development-fees>.

As of February 2, 2021, roughly 650 people visited the site and one visitor has left comments. Note that the deadline for leaving comments about the proposed fees update is February 26, 2021.

Additional public outreach has included meetings with members of the development and environmental communities. In January 2021, staff met with representatives from the Blue Ridge Home Builders Association, the Free Enterprise Forum, Southern Development, Great Eastern, Southern Environmental Law Center, and the Piedmont Environmental Council. From these meetings, staff gained several points to consider. Participants desired fee comparisons with jurisdictions beyond Fairfax, Montgomery, Alexandria, and Charlottesville, which staff has completed. Participants also raised questions about the impact of the proposed fees on development in general and on housing affordability in particular; this question has resulted in staff's undertaking the case studies described above. One participant wanted to verify that the cost recovery percentage for the proposed fees was consistent with the recovery percentage associated with current levels of fees. Staff is confirming that the percentage would remain essentially the same.

BUDGET IMPACT: Staff estimates that the adoption of the proposed ordinances, including increases to current fees and the addition of new fees, would generate approximately \$345,000 in additional CDD General Fund revenue in Fiscal Year 2022 (FY 22). This estimate assumes that CDD's workload and mix of services provided in FY 22 would be identical to the workload and mix of services provided in FY 21. Components of this \$345,000 figure include approximately \$215,000 in additional revenue generated by changes in the levels of existing fees, about \$88,000 from the proposed Technology Fee, and roughly \$42,000 in revenue from the various proposed new fees related to architectural review, WPO-related services, and building-related services.

The County Executive's FY22 Recommended Budget assumes half of this additional revenue in an effort to balance the reasonable possibility that the Board may support some increase in fees effective July 1st against the reality that the Board has not yet made any such determination. FY22 revenue assumptions will be adjusted based on action by the Board.

RECOMMENDATION:

Staff recommends that the Board schedule a public hearing on April 21, 2021, to consider the adoption of the attached proposed ordinances.

ATTACHMENTS:

- Attachment A - Chapter 5 Update
- Attachment B - Chapter 14 Update
- Attachment C - Chapter 17 Update
- Attachment D - Chapter 18 Update