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## **MEMORANDUM**

To: Mayor and City Council

From: Richard McLeod, Community Development Director

Date: May 10, 2021

**Subject: Overview and Options for Municipal Impact Fees**

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### **BACKGROUND**

Impact fees are a tool to require new development to pay its fair share for infrastructure. The tool has been considered by the City from time to time and is applied by peer municipalities in the Atlanta region. In Dunwoody, funding can be used for roads, parks and open space, and public safety or a subset thereof.

### **DISCUSSION**

The attached PowerPoint document provides an overview over the state law parameters for impact fees, potential fee levels, and a discussion of considerations and next steps.



# *City of* **Dunwoody** *Georgia*

## Impact Fee Overview

# Background

- Impact fees are a tool to let new development pay their fair share for infrastructure
- Capital investments only – no operating expenses
- Off-site improvements – can be citywide
- Seven eligible categories:
  - Water infrastructure
  - Wastewater infrastructure
  - **Roads**
  - Stormwater
  - **Parks & open space**
  - **Public safety, including police and fire**
  - Libraries

# Methodology

- Impact fees go hand-in-hand with the City's Comprehensive Plan
- Requires creation of a Capital Improvement Element with 20-year time horizon
  - Establishes current level of service and future desired level of service
  - Impact fees cannot be used to increase level of service for current residents
- Annual update lists eligible projects for next 5 years
- Funds can only be spent on referenced projects
- Impact fees must be spent or encumbered within 6 years



# 2011 Impact Fee Study

- Parks & Recreation, Public Safety, and Roads
- Single-family detached: \$637.77 per dwelling unit
  - \$584.29 for Parks and Recreation
  - \$33.48 for Public Safety
  - \$1.42 for Roads\* - assumes roads can be covered through property tax increases
  - \$18.58 for Administration
- Office: \$85 per 1,000 sf (\$17,000 for a 200,000 sf office building)
- Retail: \$46 per 1,000 sf (\$4,600 for a 100,000 sf retail center)

# Single-family - Regional Impact Fee Levels

- Per dwelling unit

	Parks & Recreation	Public Safety	Roads	Administration	Total
Sandy Springs	\$4,544	\$445	\$1,667	\$200	\$6,855
Atlanta*	\$609	\$282	\$1,564	-	\$2,454
Roswell*	\$559	\$916	\$1,690	\$73	\$3,238

- \*depends on house size

# Office - Regional Impact Fee Levels

- Per 1,000 square foot

	Parks & Recreation	Public Safety	Roads	Administration	Total
Sandy Springs	\$930	\$790	\$225	\$120	\$4,080
Atlanta	\$450	\$210	\$155	-	\$2,210
Roswell	-	\$320	\$118	\$30	\$1,530

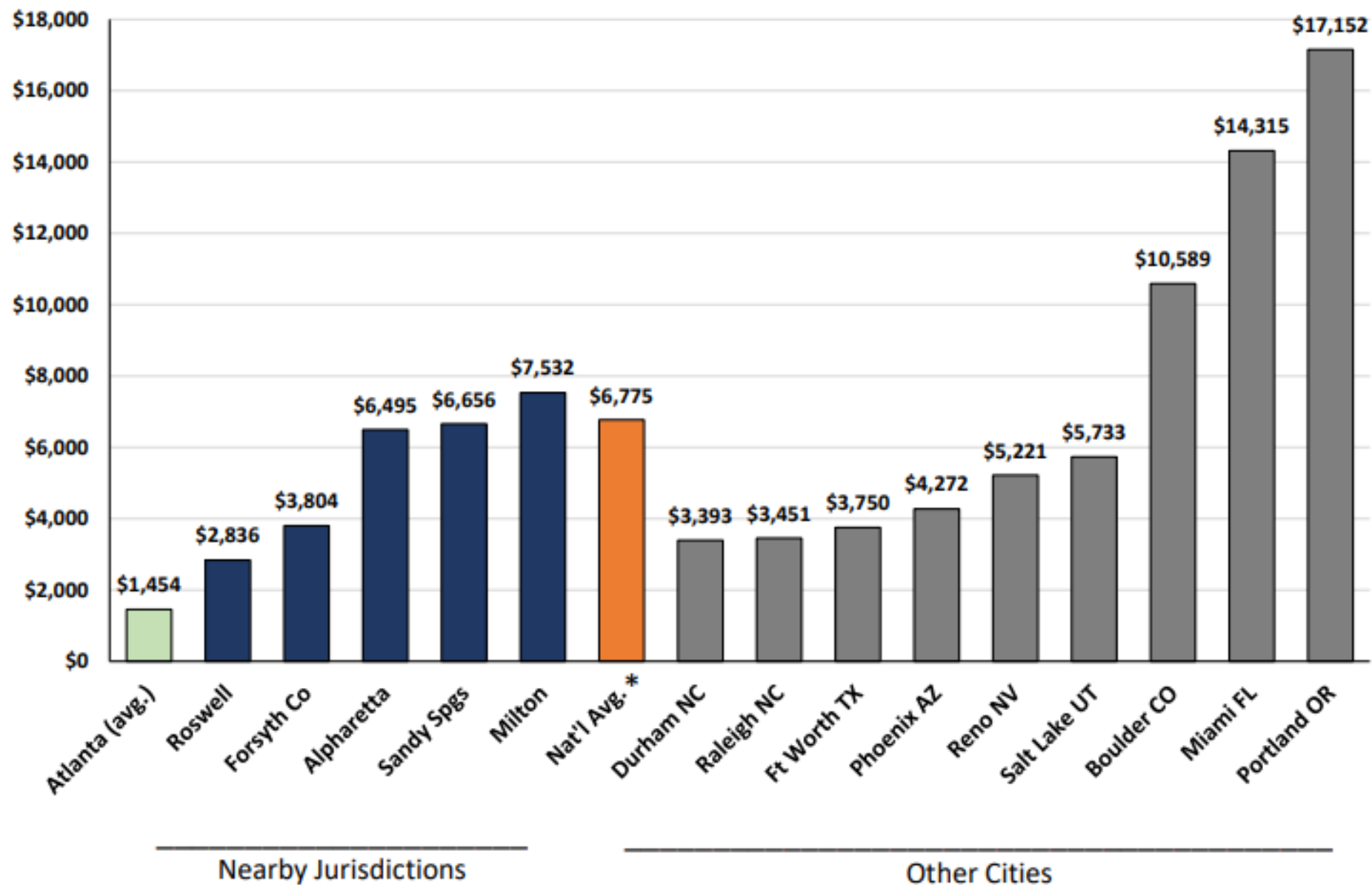
# Retail - Regional Impact Fee Levels

- Per 1,000 square foot

	Parks & Recreation	Public Safety	Roads	Administration	Total
Sandy Springs	\$470	\$400	\$7,140	\$240	\$8,240
Atlanta	\$900	\$420	\$3,100	-	\$4,420
Roswell	-	\$260	\$2,720	\$60	\$3,030



## Average Total Non-Utility<sup>1</sup> Impact Fee per Single-family Unit



<sup>1</sup> Excludes water and wastewater fees

Source: Duncan Associates

\* w/o CA

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# Scenario – 84 Perimeter Center East

- 40,000 sf of retail and 225 dwelling units

	Parks & Recreation	Public Safety	Roads	Administration	Total
Low Scenario*	\$131,465	\$9,157	\$242	\$4,224	\$145,088
High Scenario*	\$1,041,126	\$116,080	\$589,584	\$52,393	\$1,799,183

- Credit for the existing building (depending on size and use)
- \*Low scenario = 2011 Dunwoody proposed impact fees, high scenario = Sandy Springs impact fees

# Considerations & Next Steps

Currently the City negotiates improvements on a case-by-case basis; impact fees may reduce willingness of developers to do so





7. Construction of the proposed **Main Park** shown on the Conceptual Site Plan (Exhibit "A") shall be completed prior to the issuance of the Certificate of Occupancy for any residential units in excess the first 300 units constructed as part of the Development;
8. The portion of the **multi-use path** crossing of Perimeter Center East within the City right-of-way, as shown on the Conceptual Site Plan (Exhibit "A"), shall be constructed within six months of the issuance of the Phase I Land Disturbance Permit. The remaining portion of the multi-use path shall be constructed concurrently with the proposed Main Park shown on the Conceptual Site Plan in consultation with the City's Parks Director and Director of Public Works. Upon completion of the portion of the multi-use path crossing within the City right-of-way, the City shall assume all responsibility for that portion of the path crossing's maintenance, safety, and repair;
9. Pursuant to O.C.G.A Section 36-71-1, et seq., the Owner shall enter into a Development Agreement with the City to contribute **no more than \$100,000 toward the design and construction of additional transportation infrastructure improvements** located in the vicinity of the Development, such improvements to be determined and constructed by the City;

13. The Owner shall continue to participate financially on a pro rata basis in the existing private shuttle service between the Dunwoody MARTA rail station, the Development, and other developments in the Perimeter Center East area. Should operations of the existing private shuttle terminate, the Owner will work with the Director of Community Development, and staff of the Perimeter Community Improvement District, MARTA, and other parties as appropriate to participate in other private shuttle operations in the area and facilitate MARTA bus service improvements;
20. The Owner will commit at least \$50,000 toward public art to be installed in the Main Park shown on the Conceptual Site Plan (Exhibit "A"). The Owner shall provide these funds in tandem with the construction of the Main Park and shall include a process to engage the local arts community to generate excitement around the art, the Park, and the bike/pedestrian path;
22. Pursuant to O.C.G.A Section 36-71-1, et seq., the Owner shall enter into a Development Agreement with the City to contribute up to fifty percent (50%) of the funds needed for the design and construction of a "best practices" multi-use bicycle facility connecting the Subject Property along Perimeter Center East to its southern intersection with Ashford-Dunwoody Road, such improvement to be designed and constructed at the direction of the Owner. Construction of this improvement shall begin no later than the date on which the Land Disturbance Permit is issued for the new office building designated as "Block D2" on the Site Plan, provided the City contribution has been made and the City has acquired any right-of-way necessary for the construction of such improvement. In no event shall the total of such contribution by the Owner exceed \$175,000;

# Considerations & Next Steps

- Impact Fees are proportional to the scale of new development
- Decide whether to incorporate policy objectives (e.g. housing affordability, traffic reduction)
- Decide whether to have impact fees for parks & recreation only or also for roads and public safety
- Next step: Obtain a consultant to conduct an impact fee study
  - Approximately \$50,000+, 6 months
- Administration requires approximately 0.5 to 0.75 FTE, split amongst Community Development, Finance, Parks & Recreation, and Public Works