

Calculating Build-Out to Support Accurate, Defensible Impact Fees, Step-by-Step

The starting place for this process will be the most current tax parcel map and associated data. Additional data needed will be the flood hazard maps, soil survey, and aerial imagery.

First, identify the parcels to which the City intends to provide facilities within the foreseeable future.

This list should include vacant and underutilized parcels within the City, as well as parcels that will be annexed.

- Parcels for which adequate infrastructure exists should be dropped from the list. Development of a parcel that has adequate facilities or for which impact fees have already been paid will pay no new impact fees.
- Parcels to which adequate infrastructure cannot realistically be provided within a reasonable time (no more than a decade) should also be omitted. Including them in the calculations will result in diluted impact fees. The City could even find itself refunding fees because facilities were not provided within a reasonable time.

Second, be sure the list of potential infill parcels is complete and facilities that support infill are included in the CIP.

CIPs typically focus on expansion, but Three Forks' Growth Policy says the City will prioritize infill. In thinking about how to do that, it is important to consider not only the literally vacant lands within the city limits, but also parcels that are underutilized. If underutilized parcels do not have direct access to basic facilities, the City may be able to encourage infill by including that infrastructure in the CIP.

Third, identify natural and cultural development constraints. Deduct areas in which development is severely constrained or unlikely.

Overlay the parcels identified in Step 1 with the flood hazard map and soil survey. Deduct the portions of those parcels that are not suitable for development due to flooding, drainage, slope, or other natural constraints. This is also the time to consider the impacts of infrastructure, like high voltage powerlines, and adjoining land uses on the development potential of each of the parcels. The build-out study must also account for the fact that some parcels that are well-suited for development may not be in play due to ownership issues or preferences. Including properties that are unlikely to be developed within a reasonable time will result in an inaccurate calculation of impact fees.

Step 3.A: This is not something that happens often, but it seems possible that the flood hazard map for Three Forks will change within the time covered by the CIP and impact fee calculations. To the extent that map change expands development potential, the CIP and impacts may need to include an "if, then," list of improvements and, at least potentially, fees.

Fourth, apply the existing or projected zoning to the listed parcels to calculate build-out. This will be a challenging part of the process for Three Forks.

Calculating build-out seems simple. If a parcel contains 10 acres of land suitable for development and the zoning allows three dwelling units per acre, then the build-out is 30 dwelling units. If that 10-acre parcel

is zoned for commercial use and the typically permitted lot coverage in that zoning district is 30%, build-out is 130,680 square feet.

The challenge is that Three Forks' current zoning practices incorporate considerable uncertainty about the intensity of development that may be permitted.

- The zoning ordinance allows potentially large exceptions to its rules about the density of residential development by using conditional use permits to permit multi-family dwellings. This case-by-case approach makes it more difficult to project the demand for utilities and traffic generation.
- The current planned unit development procedure specifies no density at all. It is a true wild card when it comes to anticipating the extent of future development.
- The adopted future land use map suggests a wide range of potential densities in areas that might be annexed, once again making it more difficult to accurately determine what facilities will be needed.

All this means that some realistic assumptions about the intensity of future development must be agreed upon to complete the build-out calculation. That's not unusual, but it does mean that the impact fee advisory committee has important work to do.

Beyond that, this could be a time to talk about whether the existing zoning and future land use map need to be updated to reflect anticipated trends (more attached housing, for example) or to encourage development patterns that will better serve the community.

Fifth, as necessary, calculate build-out for each benefit area.

The potential need to define benefit areas is explained in the step-by-step outline of how to calculate impact fees.

Finally, think carefully about the results of the build-out study.

The build-out study will reflect the City's actual growth policy, which is to say that it will show the reasonably anticipated cumulative results of the case-by-case land use decisions the City will make in the foreseeable future. If you are not comfortable with what the build-out calculation tells you, it may be time to revise the growth policy and/or zoning regulations.