THE ST. AUGUSTINE RECORD

Commission looks to exempt commercial projects from concurrency requirements

By Jake Martin
June 4, 2018

St. Johns County commissioners are weighing an exemption for non-residential development from the county's transportation concurrency program, "in order to promote economic and business development."

The board recently directed staff to prepare changes to the Comprehensive Plan and Land Development Code that would reflect its commitment to attracting commercial growth.

There will be a transmittal hearing on the proposed changes on Tuesday. If the board chooses to proceed at that time, the changes would go to state agencies for review and come back before the board for a final hearing to adopt by late summer or early fall.

Commercial developers aren't entirely off the hook if the changes ultimately go through.

Phong Nguyen, director of the county's transportation development division, said applicable site access improvements, turn lanes, signalization, and other site-related improvements will still be required to be completed and will not become the county's obligation. He said concurrency projects are more about construction of roads and infrastructure to accommodate added capacity.

The relevant Florida Statutes were revised in 2011, providing that concurrency for transportation facilities is only an optional provision.

An exemption would come on the heels of the board's recent decision to adopt a new impact fee schedule, including a substantial subsidy for all non-residential building categories.

Impact fees, which are levied on developers to offset the costs of providing additional public services for new development, are meant to be a fair way to pay for the increased strain on roads, schools, fire/police services and parks. However, builders argued increasing the fees too much could negatively impact the county's ability to attract businesses as well as new residents, thus jeopardizing future job growth and ad valorem and sales tax revenues.

Throughout a lengthy debate on consultant James C. Nicholas' updated impact fee assessment for the county, which included recommendations to generally increase fees on residential and non-residential construction, commissioners expressed apprehension about raising impact fees on commercial building.

Commissioners ultimately voted in favor of a fee schedule reflecting a reduction in fees for non-residential development of 40 percent from what Nicholas had proposed. The resulting $725,000 hole in the annual budget will be filled, per the board's direction, with non-ad valorem revenues from General Fund reserves.

Exempting commercial development from concurrency requirements would be another "business-friendly" feather in the board's cap, but the recent wave of changes hasn't been as kind to residential development.

The county would still require concurrency for residential development. Additionally, the county is considering reducing credits for impact fees from proportionate share contributions by up to 20 percent, based primarily on the percentage of added capacity that would be used by the proposed residential development's traffic.

Basically, if a developer pays its proportionate share payment, the impact fee credits it gets in return may no longer be a dollar for a dollar but reduced by up to 20 percent based on the share of new trips the project puts on the road.

Nguyen said this change is not directly tied to the exemption for non-residential from concurrency, but the result of a separate request from the commission to implement a provision of state statutes allowing for the reduction.

He said establishing an effective date, and whether the changes would extend to preexisting or pending projects, and/or projects that have received approval but not paid their proportionate share yet, will likely be a part of Tuesday's discussions.

Asked what sources of funding the county has in order to take on the costs for capacity projects, Nguyen said the Transportation Trust Fund, which is funded largely by impact fees and a small amount from ad valorem taxes, is really all the county has to work with at this time.

A review of the proposed changes by the growth management department says staff is of the opinion that the proposed amendments "will incentivize economic growth, commercial and business development."

The Planning and Zoning Agency recommended approval with a 5-0 vote at its May 17 meeting, during which members discussed the importance of expanding the non-residential tax base and the addressing a lack of commercial, retail and restaurant services to support growing residential communities.

Prior to the vote, PZA member Jon Woodard expressed his support for the changes.

“I have had an opportunity through the years to hear feedback throughout the state from commercial developers concerning St. Johns County, and, without exception, I constantly hear of the unfriendly environment that we have toward commercial property developers,” he said. ”... I think that anything that we’re doing to make our environment one that attracts business, that helps us to diversify our tax base, is a good thing.”

Member David Rice agreed, adding the changes should probably have been made earlier. He said there would likely be some upfront costs to the county in order to provide the infrastructure that will have to be constructed, but that commercial growth would more than offset those costs in the long run.