

## **UCF Team Working Paper**

### **Developer Funding of Capacity Enhancement**

As part of its review of Comprehensive Policy Plan amendments and rezoning requests that would increase the residential density, Orange County obtains information from OCPS, which summarizes both the status of school capacity at schools impacted by the proposed changes and the impact of active vested projects impacting those same schools. Where capacity will not be available to serve students from the property seeking a change, the County may use the lack of school capacity as a basis for denial.

Some developers have elected to work directly with OCPS to develop strategies for providing schools or additional funding for capacity enhancement to insure that capacity is available. These capacity enhancement proposals are reviewed by OCPS and, if approved by the school board, are reflected in binding agreements with the landowners. If OCPS determines that proposal is sufficient to address the impact of the project when the impact is expected to occur and advises Orange County of that determination, the project is considered for approval subject to meeting all other required criteria.

OCPS has devoted considerable effort to working with private developers to develop innovative strategies for capacity enhancement. Several developers have worked together to develop financing strategies to allow for early construction of schools (i.e. Moss Park and Eagle Creek) or are working to develop a comprehensive agreements for donation of funds adequate to build one or more schools (i.e. the comprehensive school plans for the South Central Orlando planning area and parts of Horizon West). Still other projects have been approved or are being considered which would expand core capacity of schools with adequate classroom space or which would provide new classrooms for schools. All of these plans address the number of new students a project will produce and are consistent with campus master plans for those schools.

Capacity enhancement projects do not address OCPS' substantial existing deficiencies and overcrowding at most of its existing schools. However, comprehensive approaches to funding new schools are appropriate in those areas with larger scale projects while some older schools are well suited for expansion of core or classroom spaces.

- 4.1.3 Consider development incentives (i.e. density bonus, expedited development review, etc.) for residential properties that are located within ½ mile of an existing elementary school that has a school enrollment below 100% of the permanent core capacity, excluding portables, and the residential property is located in the subject school attendance zone. No development incentives shall be granted that would result in the school enrollment over 100% of the permanent capacity.

4.1.4 Review and update impact fees on periodic basis as required by

OBJECTIVE 4.2 Support supplemental and alternative sources for school capital funding.

POLICIES

4.2.1 Research and support alternative funding for school capital needs, including, but not limited to, obtaining additional revenue from commercial and industrial development that creates employment and attracts residential growth.

4.2.2 Encourage the private sector to identify and implement creative solutions in developing adequate school facilities in residential developments.

4.2.3 The County will give priority in scheduling its programs and capital improvements which are consistent with and which meet the capital needs identified in the School Board campus planning program(s).

4.2.4 Support the School Board by giving priority consideration to developments or property owners who provide incentives including, but not limited to, donation of site(s), reservation or sale of school sites at pre-development prices, construction of new facilities or renovations to existing facilities, and providing transportation alternatives.

4.2.5 Support legislation to require that ad valorem assessments begin at the time certificate of occupancy is issued.

4.2.6 Coordinate with the School Board to evaluate alternative funding sources such as, but not limited to analysis and reform of state and local assessment benefit districts, community development districts, additional sales tax, bonds, special service fees, documentary stamps, and lease-purchase of facilities to fund school capital needs and consider support for changes to state legislation to provide for these options as needed. Additional school capital funding mechanisms shall be considered on a countywide basis, including all municipalities.

4.2.7 Support the School Board efforts to allow local governments or the private sector to construct school facilities and/or lease land or facilities to the School Board.

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Capacity Enhancement, Impact Fees and EFBD's deal with new development, whereas, the Sales Tax for OCPS is primarily for existing schools and backlog

The Martinez Doctrine directed Orange County staff to comment, utilizing input from OCPS staff, on the availability of school capacity on all applications for increases in residential Land Use or Zoning density to provide the Board of County Commissioners a basis for determining approval or denial. OCPS staff provides Orange County a formal comment on School Capacity impacts at the directly impacted elementary, middle and high schools for all such applications. This comment is virtually *always that there is not capacity* at one or more levels. Given this comment, the BCC *could* either approve or deny the project or, as in most cases, direct that the applicant seek to mitigate the impact on school capacity with OCPS.

This effort to mitigate impact of unvested residential development on school capacity is the Capacity Enhancement Process. It is a solution-based effort that occurs *at the request of the local government*.

The Capacity Enhancement process seeks to answer these questions: 1. Can school capacity be provided to accommodate the proposed development and, 2. If so, how?" and "what is necessary for the proposed development to pay its full incremental cost of student station?"

To answer the first question, information is secured from the developer regarding the location, number and type of units (both vested and unvested) and timing of the project. With this information OCPS staff, including Pupil Assignment, Real Estate, Facilities, Strategic Planning, Governmental Relations and Fiscal, conducts a thorough analysis of the proposal. In addition to an analysis of the project impact on each school and the availability of capacity in surrounding schools, several options for solution are examined. These include expansion of capacity, relief schools, more effective utilization of space, adjustment in assignments of special programs, etc. This analysis considers both classroom and core (lunchroom) capacity. Solutions are closely correlated to the District's projections and five-year Capital Improvements Plan and consider alternatives of implementation of solutions. They also consider the timing of the proposed development and have, in several cases, limited the initiation of projects to coincide with the provision of school facilities. The new Master Facilities Plan, which addresses the Sales Tax Project List, should assist in refining this portion of the process.

To answer the second question, the District has developed a fiscal model to evaluate the proposed project's cost benefit related to the cost of student station and ensure that each project is paying its full share. Based on information that is provided by licensed real estate appraisers, the nature, value and timing of units is evaluated to the incremental cost of student station. This analysis includes, at a minimum, a voluntary donation of \$1,500 on each unvested unit, however, the

required donation is often more than the unvested unit is required to be paid in the Plan.

Since the Capacity Enhancement Program was implemented years ago, nearly fifty Capacity Enhancement Units have been received, indicating a value in or nearly \$40 million in the School Board. However, less than half of the units have been received, indicating unvested units.

If Impact Fees are at full cost, the school district would have to reduce cost to the school district to receive a financial benefit to OCPS.

A significant problem with Impact Fees is that the school district does not