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**DEVELOPMENT IMPACT FEE
SUPPLEMENT**

**DEMONSTRATION OF
EXTRAORDINARY
CIRCUMSTANCES**

RIVIERA BEACH, FL

April 28, 2026

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RIVIERA BEACH, FL



DEMONSTRATION OF EXTRAORDINARY CIRCUMSTANCES

Prepared for:

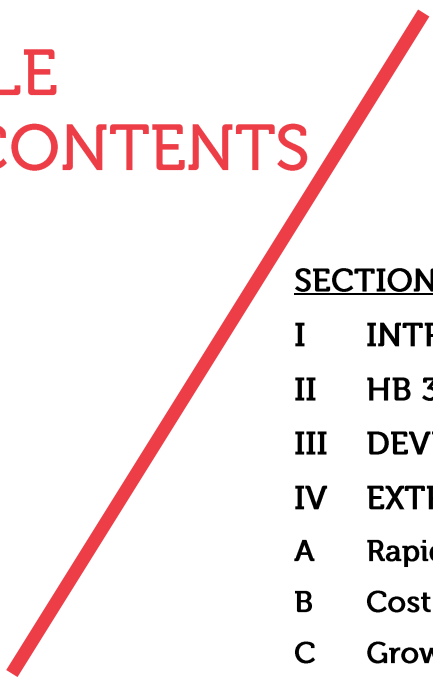
City of Riviera Beach

600 W. Blue Heron Blvd.

Riviera Beach, FL 32344

Attention: Randy Sherman

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I INTRODUCTION

The purpose of this Extraordinary Circumstances Study is to demonstrate the need for Riviera Beach, Florida (“the City”) to exceed the phase-in limitations adopted through House Bill 337 which limits the amount a jurisdiction can increase its Development Impact Fees (“Fees”) (“DIFs”) and provide a phase-in schedule for how any increases can be implemented. The purpose is to give the Riviera Beach City Council information to assist them in deciding that extraordinary circumstances exist in the City which justify exceeding or deviating from the phase-in limitations set in the legislation. If extraordinary circumstances are found to exist, the City could adopt updated fees at any percentage up to 100% without a phase-in, or phase them in over time by increasing the percentage of the maximum fees. An increase from the 50% maximum under HB 337. The important point is to assess the fees for all of the land use categories at the same percentage of the updated maximum amounts, so that the fees or all new types of new development are proportional to the development’s impacts.

This will be accomplished through a summary of the legislation, discussion of the history of impact fees in Riviera Beach, The City’s Development Impact Fee History, and recent development patterns which create unique challenges to the City and recommendations of extraordinary circumstances.

II HB 337 FEE INCREASE LIMITATIONS

In June of 2021, the Florida legislature passed, and the Governor signed into law the Impact Fee Act (HB 337) that limits the extent to which local governments may increase impact fees imposed on builders and developers. Impact fees help pay for the infrastructure needed to support the proposed development. For each infrastructure category, impact fee rates vary based on the type of development. The bill defines “infrastructure impact fees” as levies to pay the “related construction costs required to bring the public facility into service”.. This also includes a fire department vehicle, an emergency service vehicle, a sheriff’s office vehicle, a police department vehicle, a school bus as defines in s.1006.25, and the equipment necessary to outfit the vehicle or bus for its official use. For independent special fire control districts, the term includes new facilities as defined in s.191.009 (4).

The legislation places certain limits on increases to impact fees and provides specific limitations on the amount by which local government may increase its impact fees. The limitations operate retroactively to January 1, 2021, and are as follows

- Impact fees may only be increased once every 4 years;
- Impact fees may be increased by no more than 50%;
- Increases between 25% and 50% must be phased-in over 4 years in four equal installments; and
- Increases of less than 25% must be phased-in over 2 years in two equal installments.
- Increases of less than 25% must be phased in over 2 years in two equal installments and if a new impact fee is calculated at a rate lower than the current fee, the local government cannot automatically keep the higher fee. They must adopt the lower rate or face challenges that the fee does not meet the “nexus test”.

The legislation provides an alternative path for increasing development impact fees with the following criteria:

- A demonstrated need study justifying any increase in excess of those authorized in the legislation.
- A demonstrated need study must be completed within 12 months of the adoption of new fees.
- The demonstrated needs study must expressly demonstrate the extraordinary circumstances necessitating the need to exceed the phase-in limitations.
- The jurisdiction must hold no less than 2 publicly noticed workshops dedicated to the extraordinary circumstances.

- The impact fees increase ordinance must be approved by a two thirds majority vote of the governing body.

The phasing schedule must also comply with the statutory requirement that the impact fee rates for all land uses must be proportional to the impact of the development. This means that at the end of the phase-in period, each land use should be assessed at the same percentage of the maximum fee calculated in the most recent impact fee study.

Finally, the bill requires the chief financial officer of a local government, school district, or special district to attest annually by affidavit that, to the best of his or her knowledge, all impact fees were collected and expended in compliance with the spending period provision in the local ordinance or resolution, and that impact fee funds were used only to acquire, construct, or improve specific infrastructure.

III DEVELOPMENT IMPACT FEE HISTORY

The City currently collects development impact fees for the following categories:

- Public Buildings,
- Police
- Fire
- Library
- Parks
- Roads.

Development Impact fees are assessed for both residential and non-residential development. Residential development includes single family residences, multi-family residences, and mobile homes. Residential development Impact Fees are calculated per unit and are tiered by size over 5 square footage categories ranging from ≤ 800 square feet to $\geq 3,600$ square feet.

Non-residential fees are calculated per 1,000 square feet and the City further breaks out each non-residential category into several sub-categories. They include the following:

- **Non-Residential** (further broken out as Hotels/Motels, Drive in Banks, Mini-warehouses, Movie Theaters, Racquet Clubs, Church/Synagogues, Day Care Centers, Quality Restaurants, High Turnover Sit Down Restaurants, and New Car Sales.)
- **Office** including Medical Office, Hospitals, and Nursing Homes, and 12 square footage categories ranging from $\leq 10,000$ square feet to $\geq 800,000$ square feet.
- **Industrial Buildings** including General Warehouses and Warehousing.
- **General Commercial** including Pharmacy with Drive Thru, Fast Food Restaurant, Convenience Retail, Service Stations (fees collected per pump) and 14 square footage categories ranging from $\leq 10,000$ square feet to $\geq 1,200,000$ square feet.

The City's most recent development fee updates were in 2021 and 2026, with both updates under the guidelines outlined in HB 337.

IV EXTRAORDINARY CIRCUMSTANCES

The Florida Impact Fee Act allows the phase-in limitations to be exceeded based on an analysis that “expressly demonstrates the extraordinary circumstances” that require exceeding them. In addition to a written description of the extraordinary circumstances, two workshops would need to be held on the issue within twelve (12) months prior to adoption, and adoption would require a two-thirds vote of the governing body. The act does not define what would constitute extraordinary circumstances but appears to leave that determination to a super majority of the governing body. This section presents an analysis of extraordinary circumstances confronting the City of Riviera Beach that justify varying from the statutory phasing requirements for development Impact fees. Impact fees are not a significant or reliable revenue source to provide infrastructure necessary to support the corresponding growth. The following section provides an analysis of extraordinary circumstances confronting the City of Riviera Beach that justify varying from the statutory phasing requirements for the City’s current development impact fees.

A Rapid Growth in Demand

Population: Riviera Beach, as of 2026, has a population of approximately 41,718 residents. Riviera Beach is currently projected to grow at a rate of 1.50% annually over the next five (5) years and its population has increased by 11.0% since the most recent 2020 census, which recorded a population of 37,609. The City’s growth rate is also projected to exceed the population growth for the state of Florida, which is expected to grow at an annual compound growth rate (GAGR) of 1.28% from 2026 to 2030. In addition, according to the University of Florida Bureau of Economic and Business Research, the City’s is projected to exceed the Palm Beach County 2025 -2030 5-year high series population growth. The continuing increase in residents will mandate additional levels of service across the City, as the City would need to provide additional infrastructure to accommodate growth. This recent population growth rate (and accompanying customers and visitors) exceeds historical norms and requires urgent expansion of facilities to service growth and maintain existing level of services.

B Cost Increases

Extraordinary increases in construction costs have occurred since the current fees were implemented and have further contributed to the current fees yielding revenues significantly below the true cost of facility expansion. This places the City at risk of not maintaining level of service with impact fees below cost into perpetuity if the phasing guidelines are followed. A major cost component for development in the City is building construction and land costs. Due to a number of factors including high material prices, skilled labor shortages, and increased demand are driving construction costs upward. Among the key drivers of this upward construction pressure are costs for essential materials, particularly ready-mix concrete, concrete block, and steel products, remain elevated at their highest nominal levels since the pandemic. The Engineering News Record (ENC) building

cost index, a national index based on a 20-city average weighted cost of construction labor, structural steel, lumber and Portland cement, has increased 40% since 2020, the year the last development impact study was proposed. This is shown below in Table 1 below.

Table 1 ENR Building Cost Index

Month / Year	BCI Index
March 2026	8,802.97
March 2020	6,281.00
Total Increase	40.15%

Land costs for proposed developments have also increased significantly. At the time of the City’s last DIF study, the average price for an undeveloped property was \$480,786 per acre. The updated land costs presented in the City’s latest DIF update, based on 62 sample undeveloped property sales from 2021 to 2025 average was \$690,535 per acre, an increase of 43.70% since the last study. This is presented in Table 2 below.

Table 2 Undeveloped Land Sales Costs

Year	Ave. Cost per Acre
2026	\$690,903
2021	\$480,786
Total Increase	43.70%

C Growth in Planned Development

Roads and Streets: Between 2021 to 2026, Riviera Beach is undergoing a significant infrastructure and redevelopment, focusing on new development, addressing core future needs and inventory and modernizing the city via a robust and approved capital improvement plan (CIP). For instance, improvements to new road systems, current aging infrastructure that does not support new growth and population increases. If the City does not adopt impact fees at full-cost recovery, it risks not having adequate funding for the magnitude of capital projects required for the expansion of facilities and services based on recent and projected population growth within the City’s service area. Lack of funding introduces the risk of delaying project schedules, which could further lead to the lack of timely provisions for growth-related demands. According to the City’s current Capital Improvement Plan, there is \$478,274,813 of Roads infrastructure Planned, as shown in the table below. In contrast, the Road projects planned in 2021 totaled just \$60,000,000. This

greater need will be difficult to fund without a proportional increase in funding from new development. This is presented below in Table 3.

Table 3 Planned Road Infrastructure

District / Area	Cost
Total District 1:	\$84,210,805
Total District 2:	\$191,689,120
Total District 3:	\$116,612,103
Total District 4:	\$80,762,785
Total	\$473,274,813

D Revenue Loss from Phasing

Projected future revenue losses by not implementing full-cost recovery impact fees results in less available funding for expansion related capital projects and may result in higher borrowing and rate increases which introduces the potential for higher borrowing costs and therefore larger rate requirements and other impacts on existing taxpayers. Although it isn't possible to precisely predict future development and resulting impact fee revenues over the four-year phasing period as presented in the updated 2026 Development Impact Fee Plan, reasonable estimates can be made for both residential and non-residential development, based on the following assumptions: (1) the average number of new residential units by housing type permitted over the past four years will continue, and (2) new nonresidential square footage by land use will increase proportional to the current mix of residential and nonresidential development. Without increasing funding by increasing impact fee assessments beyond the phase-in limitations of the Florida Impact Fee Act, the City cannot meet the growth demands of its residents and visitors.

V SUMMARY

A Summary

This Extraordinary Circumstances analysis has identified the following potential extraordinary circumstances related to the need to vary from the HB 337 increase restrictions on the City's impact development fee increases that would otherwise be required.

- Recent population and customer growth rates exceed historical norms and require urgent expansion of facilities to service growth and maintain existing level of service.
- Extraordinary increases in construction costs have occurred since the current fees were implemented and have further contributed to the current fees yielding revenues significantly below the true cost of facility expansion. This places the City at risk of not maintaining level of service with impact fees below cost into perpetuity if the phasing guidelines are followed.
- If the City does not adopt impact fees at full-cost recovery, it risks not having adequate funding for the magnitude of capital projects required for the expansion of facilities and services based on recent and projected population growth within the City's service area. Lack of funding introduces the risk of delaying project schedules which could further lead to the lack of timely provisions for growth-related demands.
- Projected future revenue losses by not implementing full-cost recovery impact fees results in less available funding for expansion related capital projects and may result in higher borrowing and rate increases which introduces the potential for higher borrowing costs and therefore larger rate requirements and other impacts on existing taxpayers.

The analysis presented in this Study demonstrated that the City of Riviera Beach is experiencing significant population growth that is driving the increasing demand for City Services. In addition, the costs to provide City infrastructure have increased substantially since the last DIF update in 2021. In the absence of relief from the general statutory limitations of fees increases under HB 337, impact fee revenues would decline from current inadequate levels, leading to an increasing burden on existing taxpayers to fund growth related costs.

The logo for DTA (Development Tax Authority) features the lowercase letters 'dta' in a bold, black, sans-serif font. A white diagonal bar is positioned over the top of the 't'.

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