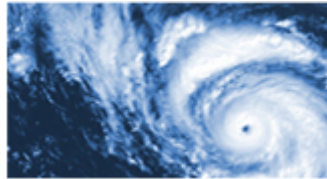




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Fiscal Impact Analysis Model

What is the Fiscal Impact Analysis Model?

The Fiscal Impact Analysis Model (FIAM) is a socio-economic tool used to measure the financial implications of a development or of alternative land use scenarios. The model can be used to help validate the financial feasibility of a comprehensive plan by projecting net cash flow to the public sector resulting from the residential and non-residential development outlined in the plan. Through this analysis the local government can determine its ability to fund the capital improvements that will support the growth of the community, and compare the fiscal implications of various land use options.

The Origin of FIAM

The model is the product of Governor Jeb Bush's growth management initiative. In its 2001 final report, Governor Bush's Growth Management Study Commission recommended that Florida develop a professionally accepted method that would assist local governments in determining the true costs associated with land use and development plans. This was deemed necessary because understanding the financial implications of a land use plan would make local decision makers better informed regarding the selection of a preferred option. In 2002, the Department of Environmental Protection awarded a contract to Fishkind and Associates, of Orlando, to develop the Fiscal Impact Analysis Model (FIAM), and created a multidisciplinary work group representing diverse interests in growth management to guide the effort. Following the initial development, the model was tested in seven pilot communities: the cities of Hollywood, Orlando, Panama City Beach, and Sarasota, Orange, Sumter and Palm Beach counties.

Peer Review of FIAM

In order to help assure the model's validity, reliability and credibility, the Department sought independent review of the model's methodology and assumptions. The peer review panel, headed by the Urban Land Institute (ULI), completed its work in the summer of 2004. The panel members included representatives from the academic community and the development community. Some of the members were Dr. Robert Burchell of Rutgers University, considered an expert in fiscal impact analysis modeling, Ms. Regina Eberwein, Director of Market Research for the Florida-based Bonita Bay Group, and Mr. Randy Lyon, of the Ginn Company.

The panel described the model as "excellent." They went further to recommend that Florida should

- Endorse the model, package it, and make it available for land-use decisions;
- Provide incentives to local governments and developers to use the model;
- Provide training and technical assistance to local governments in using the model; and
- Develop a monitoring program to determine whether use of the model leads to better land use decisions and increased sustainability of development.

Furthermore, the panel made the following observations about the model:

- FIAM provides reasonable fiscal results;
- FIAM could be appropriately applied to development review, land use development programs, build-out analyses, etc.;
- Other models are not more appropriately suited to the task defined for FIAM; and
- Other models are not intellectually more rigorous.

The panel also recommended that FIAM should not be used as the sole reason for making a land use decision, but rather as a tool for informing and guiding decision makers as they consider various land use options. The result of the independent review described above supports the view of the Growth Management Study Commission that initially noted the usefulness of such a model as a tool for land use planning in Florida.

Some Features of FIAM

The model's methodology utilizes the modified per-capita approach and is incorporated into an Excel spreadsheet for easy adaptation and application. The model estimates cost/revenue associated with land use decisions, and projects future budget balances. It separates between capital cost and operating cost and focuses on facilities and services such as roads, police, fire/EMS, parks, water, wastewater, schools and solid waste. Financial data for the model come from the current local budget and data from the Division of Banking; level of service data come from local community sources including the local comprehensive plan, and the MPO. The model is location-sensitive and capable of determining the cost of a development program on a jurisdiction-wide and project-specific basis. This is a dynamic model that requires annual validation and customization with local data in order to ensure better results. Once the model has been fully customized with local data, analyzing land use scenarios takes a few minutes.

FIAM User Manual

[A user's manual has been prepared.](#) The manual is intended to provide the theoretical basis upon which the model is rooted and also serve as a step-by-step guide to the use of the model.

Some Recommended Uses of the Model

The model can measure the impact of development at both the micro level (specific project) or at the macro level (the whole comprehensive plan). However, we recommend that FIAM be used only for big picture situations such as analyzing the financial impacts of alternative land use plans, sector plans, large annexations, build-out scenarios, large rezoning, and large EAR-based amendments. At this level the results are more representative of the overall effect of land use decisions. The model would also be useful for analyzing the financial feasibility of the comprehensive plan.

How Not to Use FIAM

The following criteria should be used in applying FIAM:

- FIAM should not be used as the sole reason for selecting a land use option;
- FIAM is not recommended for every land use amendment or rezoning;
- FIAM is not suitable for analyzing the impact of affordable housing projects;
- FIAM is not suitable for projects with intangible values such as community parks and environmental projects.

Communities Currently Using FIAM

The model has been used to analyze various projects in Florida, and a number of communities have added it to their menu of land use decision-making tools. Perhaps the most notable of these places are the City of Hollywood in Broward County and Sarasota County. Below is the testimony from the Planning Director of Hollywood regarding the use of the model.

Hollywood is a built-out redeveloping coastal city of 145,000, and one of seven original FIAM pilot communities. The City Commission adopted, by resolution, the use of FIAM as a planning tool. FIAM is one of the tools used to analyze land use plan amendments and rezonings. FIAM results are incorporated into staff presentations. FIAM is used to analyze incentive packages within Hollywood's two Community Redevelopment Areas. FIAM is not used on affordable housing projects. Jaye Epstein, AICP, Planning Director, City of Hollywood.

DCA's FIAM Rollout Plan

Although the prototype model may be obtained at no charge from the Department, without proper training the model will not be well utilized. In view of this, the Department is rolling out the model along with the necessary training to the local governments simultaneously. The rollout starts with a two-stage training program.

Stage I, which started in October 2005 and to be completed by the middle of January 2006, will focus on the training of the staff from the Department of Community Affairs (Department), the Regional Planning Council (RPC) and a few select local governments. The training of the Department and the RPC staff will establish at the state and regional levels the technical support base to assist local governments. This is a three-session training regimen during which the trainee will learn about the fundamentals of fiscal impact analysis modeling, its usefulness and application in land use decision-making, and the assumptions as well as the background knowledge that went into the development of the model. The trainee will also learn how to calibrate the model to suit local conditions. All training will take place at Orlando under the auspices of Fishkind and Associates, Inc.

Stage II, scheduled to start in January 2006, will focus on the training of local government staff. The same curriculum offered to the participants of Stage I training will be provided. This level of training is essential in order to establish the competency to customize the model with local information and annually update it with recent budget and land use information so as to stay abreast of the changes in the community. Stage II of the training will be headed by the RPCs.

[Obtain the FIAM prior to the training.](#)

Additional Resources:

- [Community Guide to Development Impact Analysis](#)
- [An Introduction to State and Local Public Finance](#)
- [The New Practitioner's Guide to Fiscal Impact Analysis](#)
- [Developments and Dollars: An Introduction to Fiscal Impact Analysis in Land Use Planning](#)
 - [Chapter 1](#)
 - [Chapter 2](#)
 - [Chapter 3](#)
 - [Chapter 4](#)
 - [Chapter 5](#)
 - [Acknowledgments](#)


For additional information on FIAM rollout:

Visit the Department's [FIAM FAQs](#) page or contact:

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