
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: April 2, 2002

SUBJECT: Impact Fee Ordinance Revision

STAFF REPORT BY: Michael Sears, Budget & Policy Analyst

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Document Type	Budget-Related Facts	Policy-Related Facts	Miscellaneous Facts
Ordinance	If amended as proposed, the Housing Trust Fund will fund impact fee exemptions that are now being funded from the General Fund. The proposal reduces the number of exemptions to impact fee, and, therefore, reduces the amount of funding from the General Fund to cover impact fees.	The proposed revisions to the Impact Fee Ordinance would require the entity that supports the exempted activity to pay for the exemption (i.e. housing exemptions would be paid for with Housing Trust Fund money). The amendment proposes to eliminate impact fee exemptions.	Proposed revisions would allow the Housing Trust Fund to pay for exemptions that previously have been paid for with General Fund money.

The Administration is proposing that the City Council approve an ordinance that amends the City's Impact Fee Ordinance. The proposed ordinance changes will reduce the amount of funding that will come from the General Fund to cover impact fee exemptions.

The Administration is recommending that the following revisions be made to the Impact Fee Ordinance:

- Change the funding source for exempted impact fees for low-income housing from the General Fund to the Housing Trust Fund.
- Eliminate exemptions that currently are allowed for developments that show a net positive fiscal impact.
- Eliminate exemptions that currently are allowed for development activity that is funded or subsidized by the City or the RDA.
- Amend the Impact Fee Schedule.

The Council has several options relating to this ordinance revision request. The Council can adopt the ordinance as recommended, adopt more revisions or less revisions than recommended or not make any revisions to the Impact Fee Ordinance at this time.

OPTIONS AND MOTIONS:

1. ["I move that the Council"] **Adopt the Impact Fee Ordinance and relating ordinances as proposed.**
2. ["I move that the Council"] **Adopt the Impact Fee Ordinance and relating ordinances as proposed with the following additions:**
3. ["I move that the Council"] **Adopt the Impact Fee Ordinance and relating ordinances as proposed with the following exceptions:**
4. ["I move that the Council"] **Not adopt the Impact Fee Ordinance and relating ordinances as proposed.**

MATTERS AT ISSUE/POTENTIAL QUESTIONS FOR ADMINISTRATION:

- The proposed revisions do not have the support of the Housing Trust Fund Advisory Board. - The Council may wish to confirm the HTFAB position on this item and clarify that there is sufficient funds in the Housing Trust Fund to pay for low-income housing exemptions from the Housing Trust Fund.
- The proposed revisions clarify which areas of the City pay roadway impact fees. - The Council may wish to clarify that the different impact fee areas of the City are correctly structured and that a review of the areas is not necessary until a future revision of the Impact Fee structure.

ANALYSIS:

BACKGROUND:

Basic Information about Impact Fees in Utah:

- An impact fee is a one-time charge for specific, tangible, capital improvements with a useful life of more than ten years.
- Impact fees may be assessed in Utah for the purpose of raising revenue to offset certain public facilities required to serve new growth. They cannot be assessed to address issues of deferred capital infrastructure.
- Impact fee revenues can be used to fund water distribution and water supply, treatment and distribution facilities; wastewater collection and treatment facilities; storm water, drainage and flood control facilities; municipal power facilities; roadway facilities; parks, recreation, open space, and trails; public safety facilities (police and fire stations but not jails); and certain habitat conservation measures.
- In order to collect impact fees, a local jurisdiction must prepare a capital facilities plan and impact fee ordinance which addresses the basis for fee assessment and a fee calculation plan; what will be funded with impact fees based on capital plans; service areas; existing levels of service; tracking of revenue; and credits, exemptions and alternate fee calculations and refunds.

In reviewing the Impact Fee Ordinance and searching for other funding sources to cover exempted development activity, Council staff has found that the recommended revisions comply with the section of State Code that deals with Impact Fees. One area that the Council may wish to pursue, in addition to the recommended changes, is the use of City staff time and resources to offset General Fund cash required when impact fees are exempted. Similar to the use of employee staff time and resources as a local match to State and Federal Grants, staff time could be used as part of the impact fee exemption. It appears that this option is available under the current State Impact Fee

Code, but before any process could be implemented a review by the City Attorney may be necessary.

The following attached information has been submitted previously by Council Staff. The information has been compiled to illustrate some of the background material that was available to past Council Members as they debated the Impact Fee Ordinance and Impact Fee Schedule. The information contained in the memos remains accurate and applicable to the recommended changes that are being proposed by the Administration. If Council Members wish to review additional Impact Fee background information, there are several reports available on the City Council web page at: <http://www.slcgov.com/council/> and copies of the Final Impact Fee Analysis Report which was prepared by the impact fee consultant are available in the Council Office for review.