
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: May 9, 2003

SUBJECT: Impact Fee Ordinance Revision Continuation of Public Hearing

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Michael Sears, Budget & Policy Analyst

ADMINISTRATIVE DEPT. AND CONTACT PERSON: COMMUNITY AND ECONOMIC DEVELOPMENT
Alison Weyher

KEY ELEMENTS:

On September 3, 2002 the Council held a public hearing on revisions to the Impact Fee Ordinance. Due to concerns raised about low income housing impact fees and about lack of notice to non-profit organizations, the hearing was continued indefinitely and no action was taken on suggested revisions to the ordinance. During subsequent briefings, the Council requested the following revisions be made to the Impact Fee Ordinance:

- 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 format.

The Attorney's Office has prepared an ordinance that incorporates the requested revisions. It does not address the exemption for low income housing. Following the public hearing the Council has several options relating to this ordinance revision request. The Council can adopt the ordinance as prepared per the Council's discussions at the April 4, 2002, July 2, 2002 and April 8, 2003 meetings; adopt more revisions or fewer revisions 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 additions or exceptions that may be identified during the public hearing.**
3. ["I move that the Council"] **Not adopt the Impact Fee Ordinance and relating ordinances at this time.**

SUMMARY OF BRIEFING/PUBLIC HEARING:

On April 4, 2002 the Council held a briefing concerning the Administration's proposed changes to the Impact Fee Ordinance. The Council discussed the merits of having other funds pay for exempted impact fees (specifically the Housing Trust Fund for low income housing). The Council formed a subcommittee to discuss the proposed revisions and to make recommendations to the full council.

The Council subcommittee met and discussed different funding mechanisms for project costs (including impact fees). The Council subcommittee then reported back to the full Council on July 2, 2002.

During the presentation to the Council, Council Subcommittee Members explained that other sources of funding to pay for impact fee exemptions had been looked at. It was indicated that the subcommittee felt that no one should be exempt from impact fees and that the Administration could work with the developers of low-income housing projects to make sure that other incentive tools were available.

The Attorney's Office prepared an ordinance that incorporated the requested revisions. Following the September 3, 2002 public hearing the Council voted to continue the public hearing indefinitely. The Council subsequently decided to study the low-income housing exemptions as part of their Housing subcommittee.

The Council reviewed this issue again on April 8, 2003 and discussed the three proposed revisions to the ordinance (those issues not related to the low income housing exemption). Council Members asked that an ordinance be prepared that addresses the three revisions and that the public hearing be scheduled for conclusion.

The Administration has prepared a revised ordinance that addresses the remaining three revisions to the Impact fee Ordinance. The Administration is requesting that the Council complete the public hearing, close the public hearing and adopt the revised ordinance to address the three revisions. The low-income exemption issue can be brought before the Council after the Council Housing subcommittee has completed their review.

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.

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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.

cc: Cindy Gust-Jenson, Rocky Fluhart, David Nimkin, Alison Weyher, David Dobbins, Steve Fawcett, Gordon Hoskins, Randy Hillier, and Luann Clark

File location: Michael\Impact Fee