



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council

FROM: Ben Luedtke, Public Constituent Liason,
Policy Analyst

DATE: October 27, 2016 3:49 PM

RE: Impact Fee Moratorium Extension

Legislative Sponsor:

PROJECT TIMELINE:
Briefing: Tuesday, Oct 25, 2016
and Tuesday, Nov 1, 2016
Public Hearing:
Potential Action: 11/1/2016
Clearline

OPTIONS FOLLOWING EXPIRATION OF IMPACT FEE SUSPENSION

The City Council adopted an impact fee moratorium effective November 2, 2015 through November 2 2016. The last date by which action could have been taken in order to have a new impact fee schedule effective before the moratorium expiration was August 4. Utah Code mandates that impact fee *increases* must satisfy a 90 day waiting period before going into effect. No waiting period is required for impact fee *decreases*. The Mayor's final recommended Impact Fee Facilities Plan (IFFP) was received on October 14, and the plan does not include a recommendation for how to handle the one-year suspension of impact fee collection (a.k.a. moratorium). The IFFP is scheduled for a full Council briefing on November 1. Council staff has outlined potential options below for the Council to consider addressing the transition from the moratorium to the new impact fee schedule.

Goal of the briefing: *Discuss options for handling the expiration of the one-year impact fee suspension (a.k.a. moratorium) and provide policy direction on preferred options.*

Potential Options

1. **Default** – Revert to old impact fee schedule (Cost impact uncertain because developers may or may not delay projects until the new schedule goes into effect)
 - a. **Rebate Option** – The Council could request the Administration create a moratorium transition rebate program that returns to developers the difference of impact fees which are decreasing under the new plan. For example, a commercial development receiving a permit after the moratorium expires but before the 90 day waiting period is satisfied, would pay \$3,630 in impact fees. The \$1,644 difference would be held by the City (perhaps in escrow) and rebated to the developer upon completion of the 90 day waiting period. If the Council is interested, staff will work with the Attorney's Office to ensure such a program complies with the Utah Fiscal Procedures Act and other legal requirements.

2. **Transition Discount** – Revert to the old impact fee schedule at a discount of XX% across all categories. Reduced impact fees are legally allowed to go into effect immediately. When the Council passes a new IFFP then all increasing fees would be subject to the 90 day waiting period mandated by Utah Code. (If a 50% discount were selected then approx. \$250,000 in foregone impact fee revenue per month could be expected)
3. **Partial Extension** – Extend moratorium for a set period of time (Approx. \$500,000 in foregone impact fee revenue per month, based on recent building permit experience)
4. **Indefinite Extension** – Extend moratorium indefinitely until a new impact fee schedule goes into effect (Approx. \$500,000 in foregone impact fee revenue per month, based on recent building permit experience)
5. **Vested Application** – Establish a set of criteria to allow applications submitted before, and haven't received a permit by, November 2 or some date to be determined, to be vested under the moratorium and thus exempt from paying impact fees. The difficulty with this option is how to objectively determine what qualifies as a vested application. Some in the development community might also raise concern that they would have submitted an application had they known this option was coming. The Council could request the Administration propose a set of objective criteria for this program. (Cost impact is uncertain because it's unknown how many applications would qualify under the to-be-determined set of criteria)

If new impact fee schedule IS passed by November 2, 2016 (NO LONGER FEASIBLE AS THE COUNCIL IS REQUIRED TO HOLD A PUBLIC HEARING PRIOR TO ADOPTION OF A NEW IMPACT FEE SCHEDULE. Staff is providing this as informational only, in case it helps the discussion.)

1. **Default** – Revert to old impact fee schedule until 90 day waiting period is satisfied. (Short-term cost impact uncertain because developers may or may not withhold projects until the new schedule goes into effect. Minimal long-term cost impact.)
2. **Align Moratorium & Waiting Periods** – Extend moratorium until 90 day waiting period is satisfied. If schedule is passed on November 1, fees would go into effect January 30, 2017. (Approx. \$500,000 in foregone impact fee revenue per month)
3. **Phased Approach** – Enact new schedule wherein decreasing impact fees go into effect immediately upon publication and increasing impact fees go into effect after 90 day waiting period is satisfied (Resumption of impact fee collections would immediately begin for decreasing impact fees and after 90 days would begin for increasing impact fees.)
 - a. For increasing impact fee categories, the City would charge the old rates between the moratorium expiration and end of the 90 day waiting period. The Council could consider a rebate, transition discount or a vested application approach as described above along with this option.
 - b. If the Council is interested in this approach it would need to be evaluated with the Administration to determine whether resources are available to implement a new approach of this nature.

Impact Fees Proposed to Increase in Draft Plan (subject to 90 day waiting period)

Category	Development Class					
	Single Family Residential		Multi-Family Residential		Commercial/Retail	
	Proposed	Existing	Proposed	Existing	Proposed	Existing
Parks	5,173	2,875	3,078	2,875	-	-
Fire	171	119	171	119	-	-
Police	59	41	59	41	86	30