

#D-122 IMPACT FEE DEFERRAL

General Description

In May 2015, the State Legislature passed legislation that requires jurisdictions to allow the payment of impact fees to be deferred. The legislation also provided options for the point at which the fees are collected and included school impact fees as an impact fee that can be deferred. The City's Code needs to be amended to address these changes.

Impact Analysis

Effect on rate of growth, development, and conversion of land as envisioned in the Plan

Not applicable. There is no anticipated effect on the rate of growth, development, and the conversion of land as envisioned in the Plan.

Effect on the City's capacity to provide adequate public facilities

Not applicable. There are no anticipated effects on the City's capacity to provide adequate public facilities created by the proposed changes

Effect on the rate of population and employment growth

Not applicable. There are no anticipated effects on the rate of population and employment growth created by the proposed changes.

Whether Plan objectives are being met as specified or remain valid and desirable

The Plan seeks to comply with State law.

Effect on general land values or housing costs

Not applicable. There are no anticipated effects on general land values or housing costs created by the proposed map changes.

Whether capital improvements or expenditures are being made or completed as expected

Not applicable.

Consistency with GMA and Countywide Planning Policies

Impact fees are consistent with GMA because by State law jurisdictions that have adopted plans through GMA are allowed to charge impact fees. The Legislature amended the RCW related to impact fees, the proposed amendments seek to ensure that the City is consistent with the new regulations.

Effect on critical areas and natural resource lands

Not applicable. There are no anticipated effects on critical areas and natural resource lands.

Discussion

The City currently charges impact fees for Transportation, Parks, and Fire and allows for all of those fees to be deferred until "the earlier of seven calendar days after the date of sale . . . or eighteen months after the issuance of the original building permit". The City also charges school impact fees for Renton, Issaquah, and Kent School Districts, but does not allow the fees

to be deferred. This year, the Legislature amended the RCW's related to impact fees in the following significant ways:

1. All jurisdiction that collect impact fees must allow deferral for impact fees.
2. School impact fees can be deferred.
3. Fees can be deferred until the earlier of eighteen months or at the time of:
 - a. Final inspection
 - b. Certificate of occupancy, or
 - c. At the time of closing
 - d. (jurisdictions choose one of the above).
4. Allows for school districts to initiate foreclosure proceedings if the City doesn't on a property where fees are not paid.
5. Sets an annual limit of twenty deferrals per applicant; however jurisdictions can set a higher limit. If a jurisdiction sets a higher limit, it must consult with the school districts and "give substantial weight" to the recommendation of each school district. If the jurisdiction disagrees, it must provide a written rationale for its decision.

The City needs to amend its code related to both impact fees and school impact fees in order to bring City code in line with State regulations. There are two policy decisions that the City needs to make related to the changes. In regards to the point at which fees can be deferred until, staff recommends collecting them at the time of closing (or eighteen months if it comes before closing). This is the most similar to the existing regulation for deferral of Transportation, Fire, and Parks impact fees. For those fees, the current code requires payment within seven days of sale. Staff is concerned about tracking where a project is in the development process in relation to eighteen months. With a lien filed on the property during the closing process, the title company will check for liens to ensure clear title. Using the option of at the time of closing provides the most reasonable certainty that deferred fees will be collected, if they are not paid at eighteen months and only requires the City to track the eighteen month time period. In regards to setting an annual limit, staff recommends not setting a higher limit. The City regards twenty deferrals as adequate. Additionally, to set a higher limit, the requirements to get there indicate that the preference for school districts is twenty. That number is acceptable to the City.