

Impact Fee Deferral

Background

- Increase of 13.65% adopted on December 6, 2022
- City Council wanted to further consider:
 - Phase-in of increase
 - Market-rate residential fee deferral option

Background on Fee Deferrals

Pre-2009,
fees due at
building permit
issuance

Pre-2009

In 2009,
City adopted
option to defer
up to 18
months

2009

In 2019,
City eliminated
deferral option
for market-rate
residential

2019

Likely Impacts of Restoring Deferral Option

- ✓ Deferred fee collection = slower infrastructure construction
- ✓ Increases in infrastructure costs during deferral period
- ✓ Lower borrowing costs for developers = more projects built, helping City reach RHNA goals
- ✓ More projects = more total dollars available for infrastructure
- ✓ Difficult to quantify likely impacts on fee collections/housing construction
- ✓ Administrative impacts would be minimal

Phasing in of Adopted Increase

- Another option suggested:
phase-in of 13.65% increase
- Would double workload for each
fee transaction
- More complex: more opportunity
for errors
- Not recommended by staff



Direction Sought by Staff...

Should staff return with a proposed change to the City's impact fee ordinance to allow market-rate residential projects to defer payment of impact fees, effective July 1, 2023?

