From: Debbie Tarry
To: Jesse Salomon
Cc: John Norris; Carolyn Wurdeman; Alicia McIntire
Subject: Response to 2nd Set of Impact Fee Questions
Date: Friday, May 30, 2014 5:10:40 PM

Jesse –

Here are the responses to your second set of Impact Fee Questions:

A. It sounds like if we allow for exemption of impact fees for low income housing it can't be required that the exemption be below 80 percent ami or in other words, our market rate. Is this a correct reading? If so, isn't it true that by adopting this exemption we are eliminating impact fees for multifamily housing and subsiding from the general fund while getting no benefit whatsoever to the low income below market rate stock. Why would we want to do that? Wouldn't it gut all impact fees for multifamily residential developments? In Ordinance No. 690 – Exhibit A 12.40.070(G) exemptions for low-income housing are limited to federally or state-recognized non-profit organizations that are developers/applicants of low-income housing – so this provides some limitation on the type of developer that would be eligible for the exemption. It is really a policy issue on whether Council wants to allow for this type of exemption or not – there is no requirement to do so. It is only one of two exemptions that can be provided. You are correct that staff has previously stated that 80% of median is approximately Shoreline's market rate. We are in the process of putting together a table of cities that provide the exemption and those that do not.

B. Regarding deferred payments, our economic development plan does not rely heavily on single detached residential. In fact you could argue it discourages it. Wouldn't it be a better idea then to not allow it for this purpose and if we are going to allow deferred payments then do it for multifamily or commercial development? . Cash flow issues for developers of multi-family housing and commercial development are not as sensitive to impact fees as very small builders of single family homes, and that is why the issue has been raised by the Master Builders Association, but not by other development interests. There could be significant more risk in deferring collection of impact fees for large developments given the larger dollar amount of the impact fee that is not collected up front.

C. Have any cities gone unpaid past the date of deadline for deferment of impact fees? Approximately how often / what percentage of deferments does this happen for? Randy Young does not have any information about this. I know that Federal Way and Sammamish have deferred payments. We are aware that City of Snohomish ran into some problems with their deferral program because they did not have clear procedures to make sure payment was made at specific points in the process. This was a major problem for them, but they have now implemented procedures to make sure that this does not reoccur.

D. In attachment D's answers it states: "The amount to be charged to growth is reduced from 100% to 97%, thus not relying solely on impact fees." How does this jive with the projection that impact fees will account for less than 50 percent of actual impact (do I have this correct?). I suppose if 97

percent of a transportation improvement project is funded by impact fees then there will be other unfunded projects and that we will be using the impact fees and added 3 percent to pay only for the most critical new facilities? The impact fee is based on 97% of the costs. However, the costs include both internal trips (that will pay the impact fee) and external trips (that do not pay the impact fee). The impact fees from internal trips will pay for a bit less than 50% of the costs. The 3% reduction of the impact fee rates, and the 50+% of the costs related to external trips can be paid by grants, reciprocal impact fees, SEPA mitigation, and any local sources available to Shoreline, such as Real Estate Excise Taxes, Transportation Benefit District, etc.

E. In SMC 20.60.140 (b) (2) mitigation is required if a developer is breaking LOS standards. What would the mitigation look like? It seems that the proposed that the proposed wording isn't clearly that much different than the 'you pay everything if you break the bank' wording as currently in the ordinance as laid out in the struck through language of .140 C as included below:
(C) Concurrency Required – Development Approval Conditions. A development proposal that will have a direct traffic impact on a roadway or intersection that causes it to exceed the adopted LOS standards, or impacts an intersection or a road segment currently operating below a level of service identified in subsection B of this section, will not meet the City's established concurrency threshold and shall not be approved unless:

1. The applicant agrees to fund or build improvements within the existing right-of-way that will attain the LOS standards;

In simpler terms, what's the difference according the the language of the old and new sections? The distinction is that the strike-through section (140 C) applied to all development, and is replaced by the new concurrency trip calculator, trip capacity bank and impact fee. Section 140 B pertains only to development that generates 20 or more trips. If those large developments break LOS standards at a location not covered by any of the 6 impact fee projects, the development has to fix the problem location.

F. There is a typo. SMC 12.40.080 sec 4 has two periods at the end.

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