



Council Agenda Correspondence

DATE: September 17, 2024

TO: Mayor and Council

FROM: Timmi Tway, Community Development Director
Prepared By: David Amini, Housing Coordinator

VIA: Whitney McDonald, City Manager

SUBJECT: ITEM 7B. INTRODUCE AN ORDINANCE TO ESTABLISH AN IMPACT FEE DEFERRAL PROGRAM FOR QUALIFYING RESIDENTIAL PROJECTS

This Staff Agenda Correspondence is meant to provide clarity on an aspect of the proposed Impact Fee Deferral program. The Development Impact Fee Deferral Program Guidelines that are included as Attachment C to the staff report define the projects that are eligible for the fee deferral program. Staff has determined that, as currently worded, it is not clear that eligible projects must be for-rent projects, and that for-sale projects are not eligible. The staff report also did not specifically call out this requirement.

Staff is recommending that only for-rent projects be eligible for the program, as they will remain under one ownership during the life of the project, and therefore, there will be one owner that is required to pay back the fee deferral loan when it becomes due. It would be very difficult or impossible to collect a fee deferral loan from a for-sale project (such as a condo project) that includes many owners. Staff is proposing an update to the Guidelines document, shown below in [blue](#), to clarify that only for-rent developments are eligible for fee deferral under the program.

<p>Eligible Projects</p> <ul style="list-style-type: none">• For-rent housing projects that provide units in excess of the City's Inclusionary Housing Requirements (Municipal Code Chapter 17.138), to be rented to low, very low, extremely low or acutely low - income households.• For-rent housing projects that are restricted to lower, very low, extremely low or acutely low -income households and that are built, owned and managed by a government agency or a nonprofit housing organization.]	<p>Eligible Impact Fees</p> <ul style="list-style-type: none">• Fire impact fee; and• Parkland in-lieu fee; and• Parks and recreation development impact fee; and• Police impact fee; and• Transportation impact fees (citywide and designated subareas). <p>Non-Eligible Fees</p> <ul style="list-style-type: none">• Special District Fees• Water and wastewater impact fees (these impact fees are established in order to pay for the capital costs of public facilities reasonably related to the needs of new development in the city).
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