



PLANNING DEPARTMENT
Heidi Gudde, Planning Director
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Planning Department Memorandum

To: City Council
From: Heidi Gudde, Planning Director
Date: November 5, 2019
Re: Impact Fee Deferral and Chapter 3.46 Clean-up

Background: In 2015 the State Legislature authorized changes to RCW 82.02 related to the collection of impact fees for single family home development. As a result, the City must create a program by which home builders may defer the payment of impact fees. In Lynden impact fees include Transportation, Park, and Fire Impact fees. Residential developers currently pay all transportation fees, half of park fees, and half of fire fees at the time of final plat. Then, the builder pays the balance of park and fire fees at the time of permit.

Legal review of the RCW requirements is currently determining if the deferral program must be offered to both the developer and the builder or could be limited to those fees typically due at the time of building permit.

Per RCW 82.02 includes parameters on the program. Payment of impact fees could be delayed until the time of final inspection, issuance of the certificate of occupancy, or the closing of the first sale of the property. Jurisdictions are given the latitude to decide which option to exercise. They may also limit the number of units with deferred fees to 20 or more and implement administrative fees for the deferral.

Proposal: Staff will be bringing forward code language which proposes that impact fees may be delayed until final occupancy, may not exceed more than 20 units per year per applicant, and will be administered at a fee equivalent to 10% of the value of the fees for which deferment is requested. This proposed code is similar to the City of Blaine's current process.

Staff is also using the opportunity to amend Chapter 3 by formally recognizing the option to have fee credits (construction in lieu of impact fees) and to "clean-up" other language such as outdated capital improvement references to "Table 8".

Timing: Staff is moving this initiative forward in recognition of the State requirement. This process is overdue in that the City was obligated to have the program in place by September 1, 2016. Unfortunately, this comes at a time when the original goal of economic recovery for the building industry, is not a pressing issue. Instead the end results could be a negative effect on housing affordability – one of today's most pressing land planning issues. Please contact Planning staff if you have questions about this upcoming code amendment.