



MEMORANDUM

DATE: February 23, 2021

TO: Chair Ledell and Planning Commission Members

FROM: Jason Nortz, Development Review Manager, Community and Economic Development

RE: **Proposed amendments to VMC 20.915 Impact Fees**

This memo is to serve as an overview for proposed changes to Vancouver Municipal Code (VMC) 20.915 *Impact Fees*. Impact fees were last before the Planning Commission in December 2019 to review a list of proposed amendments related to Park Impact Fees (PIF) rates and vesting for all impact fees. In context of the budget adoption and more recently related to multiple requests from developers to adjust school impact fees (SIF), Council expressed interest in considering an ordinance that would eliminate the vesting of all impact fees in order to collect the most current fees at the time a building permit is issued.

Background

The purpose of impact fees is to ensure that adequate facilities are available to serve new growth and development, and to promote orderly growth and development by requiring that new development pay a proportionate share of the cost of new facilities needed to serve growth. In addition, VMC 20.915 creates a process to ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary or duplicate fees for the same impact.

In response to urban sprawl and growing demands on public infrastructure, the state adopted the Growth Management Act (GMA) and impact fee legislation in 1990. Concurrently with GMA, impact fees were the funding tool provided to cities and counties to ensure adequate roads, schools, parks, open space, and fire protection services are provided to serve new development throughout the state. The City of Vancouver implemented impact fees for transportation, schools and parks and open spaces in 1995 to meet the demands of future growth.

On November 16, 2020 the City Council approved an Ordinance relating specifically to park impact fee adjustments, amending Vancouver Municipal Code Sections 20.915.050 and 20.915.100, and changing the method and timing of fee adjustments. In addition to the approved amendments City staff proposed amending other sections of VMC 20.915 including:

- VMC 20.915.020: the timing of when impact fees are calculated and due and payable; and

Impact Fee Amendments

February 23, 2021

Page 2 of 4

- VMC 20.915.070: the removal of the impact fee determination provision that currently vests project impact fees for 1 year upon applicant request.

The above noted code sections were not included as part of the overall park impact fee adjustments considered by Council in the recent biennial budget process, in order to provide for additional stakeholder outreach. It's worth noting that extensive outreach to the building community was done on the vesting provision by the Parks Department in 2019, which the Planning Commission also discussed as part of their review of park impact fees

Additionally, within the last 6 months the City has received three separate requests from multi-family developments to adjust the the Evergreen School District school impact fee (SIF) rate. VMC 20.915.070.C further allows the development approval authority setting the impact fee, upon application by the developer, to reduce or eliminate such fee if it is shown that the formulae contained in Sections VMC 20.915.060 *School Impact Fees* does not accurately reflect traffic, park, or school impacts, respectively. The primary reason for the requests was the SIF for multi-family development decreased by approximately 50% per multi-family unit as part of the update to the 2019-2015 Evergreen Public School Capital Facilities Plan (CAP). Per VMC 20.915.020.C, the impact fee for new multi-family development is calculated at the time of site plan approval and due and payable at time of building permit issuance. All three developments received site plan approval prior to the adjustment made to the multi-family SIF rate as part of the CAP update. The proponents of the developments requested that City Council reduce their SIF to the 2020 impact fee because it was their position that the 2020 impact fee amount most accurately reflects the cost of the public school facility impacts.

City Council approved all three requests but directed staff to review the the City's municipal code regarding the timing of calculating and collecting impact fees. The City also received feedback from Evergreen School District and the proponents of the SIF reduction requests that they would support a code change to bring impact fee assessment and collection closer together.

Impact Fee Vesting

VMC Section 20.915.020 currently calculates the impact fee for new development projects at *preliminary plat approval* or *site plan approval*. In practice this results in holding fees static for up to three years (potentially more if extensions are approved) until building permits are issued. In addition, Section 20.915.070 (D) binds the fee for a one-year period upon request of an applicant. However, if fees are updated, these provisions would nullify the intent and continue to compound the discrepancy between fees collected and the capital expenses to serve new development.

Proposed amendments recommend fees be calculated and collected at building permit issuance, based on the rates in effect at that time. This policy is consistent with multiple jurisdictions surveyed, including Camas, Clark County and Battle Ground and others throughout the state – none of which have shown any decline in growth as a result.

The proposed amendment would be applicable to school, transportation and park impact fees. Representatives of the PIF, TIF and SIF programs are equally supportive of removing the vesting of impact fees in order to keep fees as current as possible to meet the intent of state legislation to serve future development. The proposed removal of impact fee vesting would not be retroactive, and therefore, would not apply to projects currently vested in the project review process by Preliminary Plat or Site Plan approval. Projects that are vested under

Impact Fee Amendments

February 23, 2021

Page 3 of 4

current code provisions of Preliminary Plat and Site Plan Review approval would remain vested for three-years from their approval date, after which the impact fees which are in effect at the time of building permit issuance shall apply.

VMC 20.915.070.C *Calculation of Impact Fee* allows the development approval authority setting the impact fee, upon application by the developer supported by studies and data, to reduce or eliminate such fee. The City Council is the authority that sets the impact fees. The City is not proposing amending this section in its entirety but is considering minor revisions that include:

- Requiring reduction requests be reviewed at staff level (i.e.; CED Director, Parks Director, or Public Works Director) therefore not requiring a public hearing. This is consistent with other jurisdictions regionally.
- More specificity on what is required to be provided by the developer to demonstrate the adopted formulas or methodologies do not accurately reflect the cost of the system improvements generated by their proposed development.

Review Criteria

Vancouver Municipal Code 20.285.070 provides the approval criteria for comprehensive plan or zoning code text amendments:

- A. Text amendments to the comprehensive plan or VMC Title 20 zoning standards shall demonstrate the following:
 1. The proposal is consistent with applicable policies of the Vancouver strategic plan and comprehensive plan; and
 2. The proposal is necessary to further the public interest based on present needs and conditions.

Next Steps

Following the February 23, 2021 Planning Commission workshop the proposed amendments will be further discussed at the April 13, 2021 Planning Commission public hearing. Staff will also conduct targeted stakeholder outreach to the Building Industry Association, Clark County Realtors, Southwest Washington Contractors Association, and both the Evergreen and Vancouver School Districts prior to the public hearing in April.

Additionally, pursuant to the State Environmental Policy Act (SEPA) and WAC 197-11, the City of Vancouver as lead agency anticipates that the proposed amendments will not have a probable significant adverse impact on the environment. A Determination of Nonsignificance (DNS) will be prepared and circulated prior to the April 13, 2021 Planning Commission public hearing.

Please contact Jason Nortz (jason.nortz@cityofvancouver.us, (360) 487-7844) for additional information.

Attachment(s):

A. Draft Amended VMC 20.915 Impact Fees – Proposed Text Changes



To request other formats, please contact:
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