

CITY COUNCIL REGULAR SESSION

Ordinance amending the 2023 Development Services Fees Ordinance No. 6692 to establish the Affordable Housing Permit Review and Inspection Fee Reduction Program; providing for severability; and establishing an effective date.

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EXECUTIVE SUMMARY

On July 10, after discussion in Study Session about the Affordable Housing Permit Review and Inspection Fee Reduction Program, Council directed staff to bring back this Ordinance for final action. This Ordinance amends the Development Services Fees Ordinance No. 6692 to establish a permit review and inspection fee reduction program for qualifying affordable housing projects, including project eligibility and the amount of fees that can be reduced.

RECOMMENDATION

Adopt Ordinance No. 6747

BACKGROUND/ANALYSIS

Background

This item was initiated by Council on December 12, 2022, to reduce permit review and inspection fees for qualifying affordable housing projects. This item is part of a larger suite of housing initiatives related to the “Next Right Work,” which is intended to further increase housing production, affordable housing production, and housing diversity within the City.

The Affordable Housing Permit Review and Inspection Fee Reduction Program is proposed to be available for the following projects that submit applications after the adoption of the program:

- Affordable housing projects when 100 percent of the units in a building are affordable to residents who have annual incomes less than 80 percent of the Area Median Income
- Supportive housing projects, including emergency housing—nontransient and accessory on-site supportive services
- Homeless services uses (e.g., emergency shelter, emergency housing—transient, permanent overnight shelter, day services center)

For projects to qualify for the program, they must be one of the project types listed above and must record an agreement requiring the project type and use to remain for the life of the project. This agreement will run with the land, binding on assigns, heirs, and successor to develop and operate the project.

Qualifying projects are proposed to be eligible for a permit review and inspection fee reduction for the total amount of review and inspection fees charged for Development Service’s staff review and

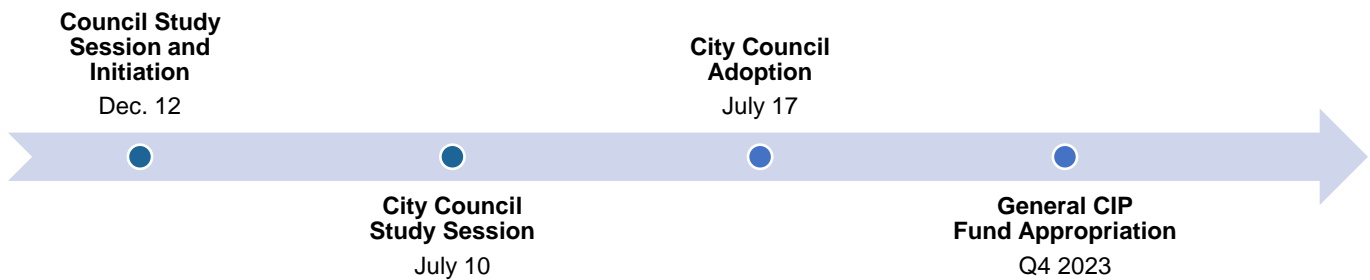
inspection time. The proposed program would also limit the amount of fee reduction given through a pre-development services application to ensure project readiness and efficient use of staff time.

The program will be funded by an annual contribution from the general fund to a new Capital Investment Program (CIP) project. The 2023-2029 CIP Plan will be amended to include the new project for this program as well as increasing the General CIP Fund appropriation by \$310,000 to execute the program during the 2023-2024 biennium. The budget allocation will be completed during the 2023-2024 mid-biennium budget process if Council adopts this ordinance.

Council held a study session on the item on July 10, 2023. At the study session, staff presented the scope of the fee reduction, applicable projects, and cost of the program, and addressed the questions raised by Council at initiation. At the study session, Council directed staff to finalize an ordinance amending the fee schedule to provide this fee reduction program for eligible projects.

Process

The timeline identifies the process for this project.



POLICY & FISCAL IMPACTS

Policy Impact

This Next Right Work item will advance Affordable Housing Strategy (AHS) Action C-5. *Reduce costs of building affordable housing (e.g., code amendments, lower fees, reduced parking, city-funded street improvements).*

Additionally, the ordinance will advance the following Comprehensive Plan policies:

- **HO-7.** Encourage the development of affordable housing through incentives and other tools consistent with state enabling legislation.
- **HO-23.** Encourage the development of affordable housing through incentives and other tools consistent with state enabling legislation.
- **HO-26.** Provide incentives and work in partnership with not-for-profit and for-profit developers and agencies to build permanent low- and moderate-income housing.
- **HO-29.** Explore financial incentives to encourage affordable housing, such as partial exemptions from city permit fees, the state property tax exemption program and other state enabled programs.

Fiscal Impact

This action will reduce permit and inspection revenue generated by affordable housing projects built in

the City and will require the use of alternate funding to replace lost revenue. The average annual ongoing cost of the program is \$310,000 and may increase with inflation for the life of the program.

OPTIONS

1. Adopt the Ordinance amending the 2023 Development Services Fees Ordinance No. 6692 to establish the Affordable Housing Permit Review and Inspection Fee Reduction Program; providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6747

AVAILABLE IN COUNCIL LIBRARY

N/A