

**CITY COUNCIL STUDY SESSION**

Proposed amendments to Bellevue City Code (BCC) Chapter 22.16 (Transportation Impact Fee Program).

Andrew Singelakis, Director, 452-6468  
Eric Miller, Implementation Planning Manager, 452-6146  
Molly Johnson, Development Review Manager, 452-6175  
*Transportation Department*

Monica Buck, Assistant City Attorney, 452-4082  
*City Attorney's Office*

**DIRECTION NEEDED FROM COUNCIL****DIRECTION**

Council direction is being sought to return to a future Regular Session with legislation to amend BCC Chapter 22.16. Based on staff-identified needs and City Council input during the 2019 Transportation Impact Fee Program Review and Fee Schedule Update Process, staff is preparing an amendment to BCC Chapter 22.16 - Transportation Impact Fee Program for adoption in 2020. The amendment will provide clarification and consistency for program implementation and will include proposed policy changes with respect to fee collection and the fee credit, refund, and reimbursement processes.

**RECOMMENDATION**

Direct staff to return to a future Regular Session with legislation to amend Bellevue City Code Chapter 22.16 as proposed.

**BACKGROUND & ANALYSIS****Transportation Impact Fee Program**

BCC Chapter 22.16 constitutes the City's Transportation Impact Fee Program and is enacted pursuant to Chapter 82.02 of the Revised Code of Washington (RCW). Pursuant to BCC 22.16, the impact fee project list consists of the transportation improvements in the Transportation Facilities Plan (TFP) needed to provide capacity on City roadways, where the capacity needs are reasonably related in part or in whole to new development.

In 2019, City staff conducted a review of the Transportation Impact Fee Program associated with the update of the City's 2019-2030 TFP. The 2019 process resulted in the Council's adoption of an updated Transportation Impact Fee Schedule in December (Ordinance No. 6491). During the process Council was informed that staff would need to return in 2020 to address proposed clarifications, consistency issues and process updates within the Transportation Impact Fee Program Chapter of BCC 22.16.

**Program History**

The City first initiated its transportation impact fee program in 1990 (Ordinance No. 4104). A full review and overhaul of the program was conducted in 2008-2009 associated with the financial planning for a

“Mobility and Infrastructure Initiative” that was guided by the Council at that time. That process led to a major impact fee program code amendment adopted in 2009 (Ordinance No. 5871). The latest amendment to the Transportation Impact Fee Program code was completed in 2016 (Ordinance No. 6298) to comply with a change in state statute, requiring a fee payment deferral option for some residential developments.

### **Summary of Proposed 2020 Code Amendments**

The listing below summarizes proposed code changes and identifies the relevant sections of BCC Chapter 22.16 that are proposed for amendment. Attachment A to the memorandum provides the specific code language “redlining” what is proposed throughout Chapter 22.16.

**1. Cap or limit reimbursement to developers for land dedication or improvement construction values to the amount due in impact fees. (BCC 22.16.087)**

Current process requires the City to reimburse the development for a percentage of construction and/or land dedication value after the full amount of the impact fee owed is credited to the development. This not required by state law and is inconsistent with how impact fees are implemented by other Washington jurisdictions.

**2. Allow deferred payment of fees for affordable housing units. (BCC 22.16.070)**

Impact fees are required to be paid at the time of building permit issuance. Affordable housing units are exempt from fees if the developer meets criteria established in the Land Use Code, a process administered by the Community Development Department that happens just prior to allowing occupancy. Once certified, fees paid at issuance are refunded to the developer with interest. Allowing postponement of payment for these units until occupancy is permitted would eliminate excess process and would not impact the City’s ability to collect funds owed.

**3. Allow deferred payment of fees for the initial buildout of ancillary small tenant spaces (less than 5,000 sf) in large buildings to become due at occupancy. (BCC 22.16.070)**

Since these fees are required at the time of building permit issuance (1-2 years before occupancy), it is often unknown what uses will occupy the small spaces intended to provide services and what the appropriate fees would be. Separate tenant improvement permits are submitted for buildout that clarify the land use and subsequent fees. The current process requires guessing at uses and often results in either under-collection or a refund request from the developer.

**4. Eliminate the additional threshold for SEPA review to allow collection of impact fees associated with tenant improvements to existing buildings. (BCC 22.16.020.C)**

Allowing tenant improvement permits to be subject to the same provisions as all other building permits will improve equity in determination of fees. The current system has resulted in some projects being subjected to fees when similar projects are not. This would also facilitate implementation of Policy Change No. 3, above.

5. **Clarifications and Confirmation** – the following is a brief summary of proposed clarifications. These topics have been identified through implementation of the code requirements with development. We would like to also review and confirm the fee exemptions currently allowed.

- Clarify definitions for Development, Impact fee project list, Project improvements, Proportionate share, System improvements, and the TFP. (22.16.020)
- Clarify Designation of the TFP as the City's Capital Facilities Plan identifying impact fee projects. (22.16.040 & RCW 82.02.050)
- Clarify that only fully funded TFP capacity projects are eligible for the impact fee project list. (22.16.050)
- Clarify that existing uses present within two years of re-development application date may receive fee credit. (22.16.080)
- Clarify how to calculate fees for uses not listed on the prescriptive fee schedule. (22.16.080)
- Clarify how to calculate actual cost of construction for credits. (22.16.087)
- Confirm that fee exempt uses are consistent with current city policy; Add exemption for City facilities such as fire stations. (22.16.070)

### **Stakeholder Outreach**

Transportation Department staff has reached out with information, documentation and to offer briefings to numerous entities in the development community. Staff has presented information and answered stakeholder questions at a meeting of the Bellevue Chamber of Commerce Planning, Land Use, Sustainability and Housing (PLUSH) Committee (May 26, 2020), and at a hosted information session held for invited representatives of developers who have undertaken permitting activities over the last three years (May 27, 2020). A meeting with Bellevue Downtown Association representatives is scheduled later this week. Staff answered questions from stakeholders and have received positive feedback on the proposed amendments.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### **Comprehensive Plan**

Policy CF-1 of the Capital Facilities Element and policies TR-22, TR-34, TR-35, TR-129, and TR-132 of the Transportation Element of the Comprehensive Plan provide a framework for the City's compliance with the requirements of the Growth Management Act and the Traffic Standards Code.

#### **Bellevue City Code**

BCC 22.16, the Transportation Impact Fee Program, designates the TFP as the long-term transportation plan for identifying improvements to meet future development needs. The list of projects to which impact fees are applied is derived from the TFP and represents the roadway and intersection (vehicular) capacity projects that will serve growth-related traffic impacts.

### **Fiscal Impact**

Allowing deferred payment of fees associated with tenant spaces in large buildings or for multifamily units that are ultimately intended to be affordable housing units (as defined in the Code) will reduce the

temporary financial burden on developers and the administrative burden on City staff to process fee adjustments and, when applicable, processing fee refunds with added interest.

Although rare in occurrence, developers receive impact fee credits when they are required to construct improvements or to dedicate property to the City. The proposed code amendment will limit this credit to the impact fee amount owed, as opposed to the current code which allows credits to be in excess of the fee amount owed. This amendment may result in savings to the City's impact fee fund, a key funding source for the City's costs to construct transportation system improvements that address roadway capacity needed to serve new development.

## **OPTIONS**

1. Direct staff to return to a future Regular Session with legislation to amend Bellevue City Code Chapter 22.16 as proposed.
2. Provide alternative Code amendment direction to staff.

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

- A. Proposed Amendments to BCC Chapter 22.16

## **AVAILABLE IN COUNCIL LIBRARY**

N/A