

## Lost in translation: Salt Lake City must give back \$1.2 million

Because ordinance had not been updated, city will return road fees.

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Call it a \$1.2 million screw-up.

That's how much road-impact fee money Salt Lake City must return to developers due to conflicting language in an ordinance the City Council adopted in 2012. No doubt, it signals a slowdown in road improvements.

The council had sought to levy those fees citywide, but previous language that was inadvertently left in the ordinance said the road fees could be charged only on development in the city's northwest quadrant and in the west-side industrial area.

"I don't know how that happened," said Council Chairman Charlie Luke. "I felt the council was very clear as to intent. Mistakes happen. But this is an unfortunate one because it is so expensive."

That's not the only challenge the council faces. Mayor Ralph Becker and some developers are calling on the seven-member body to roll back park-impact fees that builders characterize as much too high.

Like it or not, the council will again wade into the swampy terrain surrounding the complex method of calculating impact fees charged to developers to help defray the costs of growth in public safety, roads and parks. By law, the funds cannot be used for maintenance. The turmoil comes scarcely 18 months after the council established new impact fees — following years of allowing them to remain low by comparison with other Utah cities.

But one administration official said developers have "sticker shock" from new fees and are threatening to build elsewhere if they aren't reduced. A comparison of Salt Lake City's rates, however, appears to put them in line with other cities. For example, Salt Lake City's total impact fee per new housing unit is \$4,583. That compares with Layton at \$4,773 and Sandy at \$4,538.

But, as Jason Mathis of the Downtown Alliance business group points out, Salt Lake City's parks-impact fee jumped from \$681 to \$3,999.

The new rate "makes it cost prohibitive for any additional moderate- or low-income housing to be developed in the urban core," Mathis said in a letter to the council. "It is

hard to advocate for new development downtown when a developer of a modest 100-unit rental complex will have to pay \$399,000 for park-impact fees without any discernible or proximate benefit.”

The mayor has proposed the council roll back park-impact fees to \$1,752 per housing unit and build in annual increases that would bring the fee back up to \$3,999 after five years.

The council appears to be back where it was in 2011 when it undertook the 10-month task of setting new impact fees. It must decide again whether road-impact fees will be levied citywide. And it must recalculate how to set park-impact fees to cover costs of new parks and improvements. But if it collects impact money it cannot spend in a six-year period, those funds must be returned.

“There are a lot of options ... these are complex decisions,” Luke said. “And if we don’t take our time to do it right, we could be back here in a couple of years with someone saying something is missing.”

Reducing fees while making sure there is enough impact funding to cover project costs is a daunting task, agreed Councilman Kyle LaMalfa. But, he added, residents should not suffer from growth. Downtown projects should help build parks elsewhere, such as the Imperial Neighborhood Park planned for the area near 1500 East and 2800 South.

“It’s a big city and residents using neighborhood parks will relieve pressure on other parks,” such as Pioneer Park and Liberty Park, which are close to downtown.

Some administration officials had noted there may not be enough projects slated to spend all of the park-impact fees at the current rate.

That brought a response from Councilman Luke Garrott that Salt Lake City has not done a good job of synchronizing impact fees with its 10-year plan.

“Frankly, I’m embarrassed by how the city has done this,” Garrott said, pointing to both the council and the Becker administration. “We’ve known new growth is coming. The fact that we haven’t been planning new parks is a sign of [poor planning].” Luke added that Salt Lake City residents, who recently absorbed a 13 percent property tax hike, should not be left holding the bag. “The impacts of new growth should be paid for by the people making money on new growth.”

The council directed its staff to compile various options to assess impact fees and will next address the issue March 4.

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