

Lower impact fees? Salt Lake City Council has a lot to chew on

City services • Mayor proposed lower fees on new construction after listening to developers.

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Downtown developers have given Salt Lake City Mayor Ralph Becker an earful on impact fees and the mayor has listened. The question now is, will the City Council go along with Becker's proposal to at least partially roll those fees back?

Tuesday, at its afternoon work session, the council will begin to chew over the topic that is bounded by two caveats. On one hand, the city is fearful of threats from developers who say they'll build elsewhere. On the other, the city is insistent that new growth help pay for its community impacts.

The seven-member body adopted new impact fees 18 months ago as part of its 10-year capital improvements plan, approving a fee schedule higher than what the mayor had proposed.

Impact fees are charged on new projects to help cities pay for public safety, roads and parks. The money cannot be used for maintenance, however.

According to impact-fee comparisons in a new council staff report, Salt Lake City's fees are in line with those of other municipalities. For example, Salt Lake City's total impact fees per housing unit is \$4,583. That compares with Layton at \$4,773 and Sandy at \$4,538.

For impact fees per square foot of office space, Salt Lake City's assessment is \$2.68. In South Jordan it's \$2.94. Draper comes in at \$2.58.

"The [Becker] administration indicates they are making this recommendation [for lower impact fees] based on development-community feedback, not necessarily because Salt Lake City's fees are higher than other comparable cities," the council staff report states.

In a Jan. 8 memorandum to the council, Community and Economic Development Director Eric Shaw said the impact fees that took effect Jan. 1, 2013, have caused a stir among developers. “The feedback received is that due to the change in impact fees, particularly the roadway and parks fees, many developers have, or are threatening to, move to other cities, choosing not to build, or are considering legal action against the city, all of which are affecting the economic health of the city.”

The problem may be sticker shock, said Mike Akerlow, director of Housing and Neighborhood Development. The council adopted a new parks-impact fee of \$3,999 per residential unit. The previous fee was \$681.

“For people in the planning stages of an 80-unit apartment complex, that’s a lot of money,” Akerlow said. Becker’s proposal would roll back the parks-impact fee from \$3,999 to \$1,752 per housing unit. It also suggests the council raise the fee incrementally for five years in order to reach the \$3,999 level.

Further, the mayor proposes that no project outside the northwest quadrant and west side industrial area should be required to pay road-impact fees. The fees are for new construction only. The council has favored a citywide road-impact fee.

Councilman Kyle LaMalfa said developers are getting a good deal when they build downtown because of the city’s amenities, such as restaurants, clubs, and theaters. “If you are a value shopper, downtown is the best deal. We’ve got the best bus service, access to TRAX, and the best shopping.”

Luke Garrott sympathizes, to a degree, with developers who complain about the parks-impact fee. But, he noted, creating new parks will not come cheaply. “Parks have not been on the mayor’s priority list,” he said. “Buying new land for parks is going to be a serious consideration.”

Council Chairman Charlie Luke said he is “looking forward to hearing the justification from the administration” on fee reductions.

“Why now? We passed this a year and a half ago,” he said. “The question is, is this truly a hindrance to development?”

While the council plans to debate the issue Tuesday, it is not expected to take action at the meeting.

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