

Notes from the Municipal Research and Services Center

Here are some sample code provisions that exempt low-income housing from impact fees:

A. Low-income Housing May be Exempt from Impact Fee

- Bainbridge Island Municipal Code, [Chapter 15.30 TRANSPORTATION IMPACT FEES](#), Subsection 15.30.070(9)
- Bellevue Municipal Code, [Chapter 22.16 TRANSPORTATION IMPACT FEE PROGRAM](#), Subsection 22.16.070(B)(2)
- Gig Harbor Municipal Code, [Chapter 19.12 IMPACT FEES*](#), Section 19.12.160

B. Low-income Housing May be Exempt from a Percentage of the Impact Fee

- Covington Municipal Code, [Chapter 19.20 IMPOSITION OF IMPACT FEES](#), Section 19.20.080 - may request to be exempt from up to 80 percent of the impact fees imposed on a low-income housing units to be developed.
- Kirkland Municipal Code, [Chapter 27.04 TRANSPORTATION IMPACT FEES*](#), Section 27.04.050(7) - Low-income housing may request an exemption of 80 percent of the required impact fee.
- Mercer Island Municipal Code, [Chapter 19.19 TRANSPORTATION IMPACT FEES](#), Section 19.19.070 - Reconstruction, remodeling or construction of low-income housing units may request an exemption of 80 percent of the required impact fee.

City of Bellingham:

Chapter 19 “Impact Fees” of the BMC:

B. Upon application by the owner, a partial exemption of not more than **80 percent of park impact fees**, with no explicit requirement to pay the exempted portion of the fee from public funds, may be granted to a low-income housing development, as defined below:

1. The director of planning and community development, after consultation with the director of parks, may grant an exemption to a low-income housing project listed in an annual consolidated action plan approved by city council.
2. The city council may grant an exemption to a low-income housing project not included in an annual consolidated action plan.

3. The decision to grant, partially grant or deny an exemption shall be based on the public benefit of the specific project, the extent to which the applicant has sought other funding sources, the financial hardship to the project of paying the impact fees, the impacts of the project on public facilities and services, and the consistency of the project with adopted city plans and policies relating to low-income housing.

4. An exemption granted under this subsection must be conditioned upon requiring the developer to record a covenant approved by the director of planning and community development that prohibits using the property for any purpose other than for low-income housing. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing, and require that, if the property is converted to a use other than for low-income housing as defined in the covenant, the property owner must pay the applicable impact fees in effect at the time of any conversion. Covenants required by this subsection must be recorded with the Whatcom County auditor.

5. “Low-income housing” means housing with a monthly housing expense that is no greater than 30 percent of 80 percent of the median family income adjusted for family size, for Bellingham, as reported by the United States Department of Housing and Urban Development. [Ord. [2015-07-029](#) § 1; Ord. [2009-04-020](#); Ord. [2007-10-080](#); Ord. [2006-02-012](#)].

E. Upon application by the owner, a partial exemption of not more than **80 percent of transportation impact fees**, with no explicit requirement to pay the exempted portion of the fee from public funds, may be granted to a low-income housing development, as defined below:

1. The director of planning and community development, after consultation with the director of public works, may grant an exemption to a low-income housing project listed in an annual consolidated action plan approved by city council.

2. The city council may grant an exemption to a low-income housing project not included in an annual consolidated action plan.

3. The decision to grant, partially grant or deny an exemption shall be based on the public benefit of the specific project, the extent to which the applicant has sought other funding sources, the financial hardship to the project of paying the impact fees, the impacts of the project on public facilities and services, and the consistency of the project with adopted city plans and policies relating to low-income housing.

4. An exemption granted under this subsection must be conditioned upon requiring the developer to record a covenant approved by the director of planning and community development that prohibits using the property for any purpose other than for low-income housing. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing, and require that, if the property is converted to a use other than for low-income housing as defined in the covenant, the property owner must pay the applicable impact fees in effect at the time of any conversion. Covenants required by this subsection must be recorded with the Whatcom County auditor.

5. “Low-income housing” means housing with a monthly housing expense that is no greater than 30 percent of 80 percent of the median family income adjusted for family size, for Bellingham, as reported by the United States Department of Housing and Urban Development. [Ord. [2016-08-031](#) § 3; Ord. [2015-07-029](#) § 2; Ord. [2011-01-003](#); Ord. [2009-04-021](#); Ord. [2006-11-106](#)].

2. Upon application by the owner, a partial exemption of not more than **80 percent of school impact fees**, with no explicit requirement to pay the exempted portion of the fee from public funds, may be granted to a low-income housing development, as defined below:

a. The director of planning and community development, after approval by the Bellingham School District, may grant an exemption to a low-income housing project listed in an annual consolidated action plan approved by city council.

b. The city council, after approval by the Bellingham School District, may grant an exemption to a low-income housing project not included in an annual consolidated action plan.

c. The decision of the director of planning and community development or the city council, as applicable, to grant, partially grant or deny an exemption shall be based on the public benefit of the specific project, the extent to which the applicant has sought other funding sources, the financial hardship to the project of paying the impact fees, the impacts of the project on school facilities and services, and the consistency of the project with adopted city plans and policies relating to low-income housing.

d. An exemption granted under this subsection must be conditioned upon requiring the developer to record a covenant approved by the director of planning and community development that prohibits using the property for any purpose other than for low-income housing. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing, and require that, if the property is converted to a use other than for low-income housing as defined in the covenant, the property owner must pay the applicable impact fees in effect at the time of any conversion. Covenants required by this subsection must be recorded with the Whatcom County auditor.

e. "Low-income housing" means housing with a monthly housing expense that is no greater than 30 percent of 80 percent of the median family income adjusted for family size, for Bellingham, as reported by the United States Department of Housing and Urban Development.

3. To avoid delay pending resolution of the adjustment or appeal, school impact fees may be paid under protest in order to obtain a development approval.

4. Failure to exhaust this administrative remedy shall preclude appeals of the school impact fee pursuant to subsection (B) of this section.

City of Vancouver, Washington

Section 20.915.080 Impact Fee Exemptions, Reductions, and Waivers.

A. Exemptions from impact fees. The following developments shall be exempt from the requirement for payment of impact fees: publicly operated elementary, middle, junior high and senior high schools, and administrative, maintenance and other facilities of a school district and facilities of an Educational Service District.

B. Exemption or waiver from impact fees for low income housing pursuant to RCW 82.02.060(2).

Pursuant to RCW 82.02.060(2), the Review Authority may grant a total or partial exemption or waiver from impact fees for housing developments containing up to three dwelling units and qualifying as low-income housing as defined in this Chapter, to be owned and occupied by, or leased to, low-income persons.

Requests for exemption and/or waiver for four or more dwelling units must be approved by the City Council. No such impact fee exemption and/or waiver shall be granted for any low income housing that has been granted a property tax exemption pursuant to VMC 3.22, Multi-family Tax Abatement. Any such exemption or waiver shall be subject to:

1. Provision being made for payment of the impact fee from public funds other than impact fee accounts; and
2. Adequate documentation that the housing meets appropriate standards regarding household income, rent levels, sales price, location, and number of units;

C. Alternative exemption from impact fees for low-income housing pursuant to RCW 82.02.060(3).

Pursuant to RCW 82.02.060(3), the City Council may grant an alternative exemption for low-income housing under this Subsection C. No such impact fee exemption and/or waiver shall be granted for any low income housing that has been granted a property tax exemption pursuant to VMC 3.22, Multi-family Tax Abatement

1. The City Council may either:

- a. Grant a partial exemption of not more than eighty percent of impact fees, in which case there is no requirement to pay the exempted portion of the fee from public funds other than impact fee accounts; or
- b. Provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts; and

2. Compliance with all of the requirements of Subsection D of VMC 20.915.080 is required.

D. An exemption for low-income housing granted under Subsection B or C of this section must comply with all of the following conditions:

1. The developer shall record a covenant with the Clark County Auditor. The covenant must:

a. Prohibit using the property for any purpose other than for low-income housing.

b. Require that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion.

c. Define low-income housing as housing for which the monthly housing expense is no greater than thirty percent of eighty percent of the median family income adjusted for family size for Clark County, Washington, as reported by the United States Department of Housing and Urban Development.

2. When the City grants an exemption for low-income housing granted under Subsection B or C of this section, it may not collect revenue lost through the granting of the exemption by increasing impact fees unrelated to the exemption.

3. A school district that receives school impact fees collected by the City must consent in writing prior to City approval of any exemption from school impact fees granted under Subsection B or C of this section. Failure of a school district to provide consent in writing within 30 days of written request for approval by the City shall constitute disapproval of the requested exemption.

RCW 82.02.060

Impact fees—Local ordinances—Required provisions.

The local ordinance by which impact fees are imposed:

(1) Shall include a schedule of impact fees which shall be adopted for each type of development activity that is subject to impact fees, specifying the amount of the impact fee to be imposed for each type of system improvement. The schedule shall be based upon a formula or other method of calculating such impact fees. In determining proportionate share, the formula or other method of calculating impact fees shall incorporate, among other things, the following:

(a) The cost of public facilities necessitated by new development;

(b) An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or proratable to the particular system improvement;

(c) The availability of other means of funding public facility improvements;

(d) The cost of existing public facilities improvements; and

(e) The methods by which public facilities improvements were financed;

(2) May provide an exemption for low-income housing, and other development activities with broad public purposes, from these impact fees, provided that the impact fees for such development activity shall be paid from public funds other than impact fee accounts;

(3) May provide an exemption from impact fees for low-income housing. Local governments that grant exemptions for low-income housing under this subsection (3) may either: Grant a partial exemption of not more than eighty percent of impact fees, in which case there is no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts; or provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts. An exemption for low-income housing granted under subsection (2) of this section or this subsection (3) must be conditioned upon requiring the developer to record a covenant that, except as provided otherwise by this subsection, prohibits using the property for any purpose other than for low-income housing. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing, and that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion. Covenants required by this subsection must be recorded with the applicable county auditor or recording officer. A local government granting an exemption under subsection (2) of this section or this subsection (3) for low-income housing may not collect revenue lost through granting an exemption by increasing impact fees unrelated to the exemption. A school district who receives school impact fees must approve any exemption under subsection (2) of this section or this subsection (3);

(4) Shall provide a credit for the value of any dedication of land for, improvement to, or new construction of any system improvements provided by the developer, to facilities that are identified in the capital facilities plan and that are required by the county, city, or town as a condition of approving the development activity;

(5) Shall allow the county, city, or town imposing the impact fees to adjust the standard impact fee at the time the fee is imposed to consider unusual circumstances in specific cases to ensure that impact fees are imposed fairly;

(6) Shall include a provision for calculating the amount of the fee to be imposed on a particular development that permits consideration of studies and data submitted by the developer to adjust the amount of the fee;

(7) Shall establish one or more reasonable service areas within which it shall calculate and impose impact fees for various land use categories per unit of development; and

(8) May provide for the imposition of an impact fee for system improvement costs previously incurred by a county, city, or town to the extent that new growth and development will be served by the previously constructed improvements provided such fee shall not be imposed to make up for any system improvement deficiencies.

For purposes of this section, "low-income housing" means housing with a monthly housing expense, that is no greater than thirty percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development.

[[2012 c 200 § 1](#); [1990 1st ex.s. c 17 § 44.](#)]