



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Introduction of ordinance imposing a three percent surcharge on the City's Transient Occupancy Tax.

MEETING DATE: JUNE 20, 1991

PREPARED BY: City Attorney

RECOMMENDED ACTION: Council consideration of the attached draft ordinance imposing a three percent surcharge on the **City's Transient** Occupancy Tax.

BACKGROUND INFORMATION: As part of the City's ongoing evaluation and update of revenue sources, the possibility of increasing the City's Transient Occupancy Tax (TOT) has been discussed. For that purpose, the attached draft ordinance has been prepared which increases **the** TOT from six to nine percent.

It will be noted that the ordinance is drafted in an unusual fashion, leaving intact the existing ordinance which sets the TOT at six percent, and simply adding a surcharge of an additional three percent by way of the new section of the Municipal Code. It was done in this manner because there may be some risk involved in the proposed action.

As the Council may recall, the voters in 1986 approved Proposition 62 (codified as Government Code Sections 53720 through 53730), a measure requiring two-thirds majority voter approval to impose any new special or general tax. In a case called Rider v. County of San Diego (1990) 272 Cal.Rptr. 857, the Fourth District Court of Appeal held that Proposition 62 conflicted with California Constitution Article 11, Sections 9 and 11, which in essence say that the voters power of referendum does not apply to matters of "... tax levies or appropriations for usual current expenses of the (city)." The Rider court viewed Proposition 62 as a referendum on taxes.

Other courts have also invalidated parts of Proposition 62 (e.g., City of Westminster v. County of Orange (1988) 251 Cal.Rptr. 511) leading some to believe the measure is dead. However, the California Supreme Court has agreed to review the Rider case and it is at least possible that it could reverse the District Court of Appeal.

APPROVED: _____

THOMAS A. PETERSON
City Manager



Introduction of ordinance imposing a three
percent surcharge on the City's Transient
Occupancy Tax.
June 20, 1991
Page Two

In spite of that, a round table discussion at the May 1991 City Attorney's conference shows many cities have chosen to take the risk and increase TOT or other similar revenues on the assumption that Proposition 62 will be declared invalid by the State Supreme Court. If that assumption proves wrong, a new TOT ordinance might be void. That is why the draft ordinance attached is done in th fashion that it is.

If the City Council simpl, repealed the existing ordinance imposing a six percent TOT (which ordinance predates Proposition 62 and is thus "grandfathered") and repl ced it with an entirely new ordinance setting the TOT at nine percent and then Proposition 62 is upheld, we might lose the entire tax. Adding a three percent surcharge would mean that all we risk if Proposition 62 is upheld, is the amount set by the new ordinance. The existing six percent ordinance would remain in place without risk.

FUNDING: None required.



Bob McNatt
City Attorney

BM/vc

ORDINANCE NO. 1515

AN ORDINANCE OF THE LODI CITY COUNCIL
AMENDING LODI MUNICIPAL CODE CHAPTER 3.12 - "TRANSIENT OCCUPANCY TAX",
BY ADDING THERETO A NEW SUBSECTION 3.12.035 ENTITLED "SURCHARGE".

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BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

SECTION 1. Lodi Municipal Code Chapter 3.12 - "Transient Occupancy Tax", is hereby amended by adding thereto a new subsection 3.12.035 entitled "Surcharge", to read as follows:

"3.12.035 Surcharge.

A. In addition to the six percent transient occupancy tax imposed by Section 3.12.030 of this Code, there is hereby added a surcharge of an additional three percent, for a total of nine percent of the rent charged by the operator, for the privilege of occupancy in any hotel. This surcharge shall be subject to all other conditions and terms specified in Section 3.12.030 and shall be for the usual current expenses of the City.

"B. The provisions of this section are severable. Should any portion of this Chapter be deemed invalid by a court of competent jurisdiction, the provisions of Section 3.12.030 shall remain in full force and effect."

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 3. This ordinance shall be published one time in the "Lodi News Sentinel", a daily newspaper of general circulation printed and published in the City of Lodi and shall be in force and take effect thirty days from and after its passage and approval.

Approved this day of

DAVID M. HINCHMAN
Mayor

Attest:

ALICE M. REIMCHE
City Clerk

=====
State of California
County of San Joaquin, ss.

I, Alice M. Reimche, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1515 was introduced at an adjourned regular meeting of the City Council of the City of Lodi held June 20, 1991 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, 1991 by the following vote:

- Ayes: Council Members -
- Noes: Council Members -
- Absent: Council Members -
- Abstain: Council Members -

I further certify that Ordinance No. 1515 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

ALICE M. REIMCHE
City Clerk

Approved as to Form



BOBBY W. McNATT
City Attorney

WHEN SENDING TO CODIFIER, TELL THEM TO LEAVE
IN "B" RE SEVERABILITY.

ORD1515/TXTA.01V

MEMORANDUM, City of Lodi, Public Works Department

TO: City Council
City Manager

FROM: Public Works Director

DATE: June 20, 1991

SUBJECT: Development Impact Fees - Public Hearing Questions and Responses

Following are responses to questions raised at the May 28 Development Impact Fee public hearing. The questions are paraphrased from the tape of the meeting. Some additional discussion is provided at the end of the memo.

1. What is the "Value" of existing Parks and Recreation Department in \$/Acre for the existing City compared to the new fees? (Terry Piazza)-

Since the "existing standard" as defined is the same as that used for calculating the fee, the "value" would be the same if replacement value of existing facilities was used. The estimate for future park facilities took into account the existing inventory shown in Table 9-2 on Page 80 of the study. Thus, the new park facilities are comparable to existing facilities. Explicitly answering the question would require a more detailed inventory and additional estimates; both requiring significant staff time and consultant expense.

2. Sewer RAE schedule appears inconsistent with Design Standards and Water RAE (Steve Pechin) -

The Design Standards, while based on the various Master Plans, were written to cover the design of facilities within a development project. The impact fee study relied on city-wide flow data taken directly from the engineering consultants who worked on the General Plan. The unit flow factors are not necessarily the same and are more conservative in the Design Standards; thus, comparing the RAE schedule to the Design Standards will not provide consistent results.

However, in reviewing this issue, the consultant found discrepancies in both the Water and Sewer RAE schedules. The schedules have been recalculated as follows:

Category	Water RAE	Sewer RAE
<u>Residential</u>		
Low Density	1.00	1.00
Medium Density	1.96*	1.96*
High Density	3.49*	3.49"
East Side	1.00	1.00
PR-LD	1.00	1.00
PR-MD	1.96*	1.96*
PR-HD	3.49*	3.49*
<u>Commercial</u>		
Neighborhood	0.64	0.94 (was 1.25)
General	0.64	0.94 (was 1.25)
Downtown	0.64	0.94 (was 1.25)
Office	0.64	0.94 (was 1.25)
<u>Industrial</u>		
Light	0.26 (was 0.92)	0.42 (was 0.33)
Heavy	0.26 (was 0.92)	0.42 (was 0.33)

*Original figure was rounded to nearest 0.1; used nearest 0.01 to be consistent with other categories

3. Storm Drain RAE schedule appears inconsistent with Design Standards and Water and Sewer RAE's (Steve Pechin) -

The storm drain relative factors are the same as those presently in effect. They were determined by the City in 1988 as part of the update of the Master Storm Drain System Master Plan and Fee Program. An analysis was done on the total cost of providing trunk lines, basins and pumping facilities for residential versus commercial development. The Design Standards only address runoff calculations. While it could be argued that a more refined breakdown is possible (for example, commercial versus industrial), the cost difference would be less the difference implied by the Design Standards which is **only 13%**.

Incidentally, the storm drain fees need to be recalculated due to land use changes in the adopted General Plan and the omission of two existing storm drain reimbursement agreements that are to be paid out of the impact fee fund.

4. How does additional water system revenue from metering affect the fee program? (Steve Pechin) -

Presumably, water rates will be set to cover maintenance, replacements and contributions to general fund and no new capital facilities. Of course, actual water rates are set by the City Council. To the extent water conservation from metering reduces the need for additional wells, future updates of the General Plan and Water Master Plan would reduce the number of new wells needed. Then the fee could go down.

5. What is the effect of removing Lodi Lake from the calculation on existing park standard? (Steve Pechin) -

The lake itself accounts for 35 acres of the 101 acres of Lodi Lake Park included in the existing standard. Eliminating acreage from the existing standard and reducing the new park acreage to match the existing standard will reduce the fee. The exact reduction amount will depend on the results of the cash flow analysis. Based on the average cost of new parks, Table 1 presents the approximate effect of reducing the acreages as shown.

6. Question using \$100,000 per acre as value for land acquisition (Steve Pechin, Dennis Bennett, Jeff Kirst, Council) -

Based on comments from other developers, staff feels the \$100,000 figure is reasonable considering the City will have to have appraisals done and pay prevailing market rates at the time of purchase. This action will occur nearer to development time, thus land will be more expensive than land purchased years ago on speculation.

7. In computing the area of existing community buildings, were leased facilities included and how does it affect the program; is there a list of the existing facilities? (Steve Pechin, Jeff Kirst) -

The facilities used in determining the existing standard are:

Hutchins Street Square Cafeteria	6,400 SF	
Camp Hutchins Room	6,000 SF	
Hutchins Street Square North Complex	19,600 SF	
Hutchins Street Square Pool Area	5,400 SF	
Hutchins Street Square Fine Arts Building	8,700 SF	
Recreation Annex, North Stockton Street	3,500 SF	leased
Kofu Park Building	1,800 SF	
Lee Jones Building (@ Legion Park)	900 SF	
Grape Festival Pavilion	32,000 SF	leased*
Grape Festival Chablis Hall	9,600 SF	leased
Recreation Office Meeting Room	900 SF	
	94,800 SF	Total

(use of indoor school facilities not included)

*Pavilion only available 5½ months/year

This square footage was used in determining the amount and cost of new community buildings (44,100 SF @ \$100/SF = \$4,410,000). Reducing this square footage has a similar effect on the fee as reducing park acreage, although the amounts are smaller. See Table 1 for some approximate alternatives.

8. Were revenues from renting/leasing community buildings included in the program? (Steve Pechin) -

No, City policy in setting rental rates is to attempt to recover operating expenses only.

9. Police RAE's the land use is not as important a factor as the area of town (Steve Pechin) -

Possibly, but this is not accounted for in the methodology and it would probably not be legal to do so.

10. Residential impact fee comparison - Tracy is going down, Galt's figure is only for certain parts of town and include Mello-Roos figures, also the comparisons are distorted, misleading and inaccurate (Dennis Bennett) -

Tracy's storm drain fee has been reduced from \$5,204 to \$4,564, however, many of the other categories have gone up. The total of \$23,116 shown in the comparison is now 523,661. We have also been informed that a suit is being filed over Tracy's fees.

Based on correspondence from Bennett and Compton, the City's comparison is accurate except in two categories:

Water - Depending on the area being developed, the fee is \$950 instead of \$1,800.

NE Area - These fees were established to reduce the Mello-Roos bond payments. They are used for capital facilities including the types of facilities in Lodi's proposed program, and in our mind fit the definition of an impact fee.

Their letter provided the following fee examples:

1,331 SF home in KE area: \$12,623.64
1,250 SF home not in NE area: \$ 8,763.20

The City comparison showed \$12,677 for a 2,000 SF home. Given the wide variation in fee programs and situations, we feel the comparison is sufficiently accurate for the purpose intended.

The fee comparisons were not intended to be precise. Doing so would require a specific project design in a specific area for each city. The proposed City of Lodi fees are based on providing the facilities listed for the General Plan service area. The City Council may, as a matter of policy, reduce the fees in order to be "competitive". However, this will transfer to burden to the General Fund and/or Utility Funds. As discussed at the public hearing, arbitrarily adjusting the fees opens the City to legal challenge. Reducing the fees can be done by:

- 1) Lowering the service standard and eliminating projects - This would uniformly reduce the fee in each land use category for the reduced standard fee category (i.e., Police, Fire, etc.).
- 2) Reduce the fee per RAE in any or all of the fee categories - This would require subsidies from other City funds in order to maintain the service standard or would mean deferring or eliminating projects, in effect reducing the level of service.

- 3) Directly subsidize land use categories (such as low income housing) by paying all or a portion of the fee out of the General Fund or other City funds.

11. Fee collection at Final Map versus Building Permit stage (Dennis Bennett) -

Later collection will increase fees and create much more administrative burden, i.e., billing and tracking every parcel versus one map. Changing to collecting all fees at building permit would mean recalculating to a square footage basis for commercial/industrial and presumably per dwelling unit for residential. We could split with some categories at map and others at building permit. We already collect storm drain fees at map stage.

12. Parks standard distorted especially considering Lodi Lake and School acreage, need more analysis (Dennis Bennett) -

The standard is a policy decision; the data is there for Council to decide. The first Parks project is a new Parks Master Plan which will more precisely define the nature of the new parks, improvements to be included, etc. Staff suggests that is the time to do more analysis and fine-tune the fee program.

School acreage was not included in the existing standard nor included in future additions since the City has no control over either situation.

13. Need more analysis on General City Facilities Fees (Dennis Bennett) -

Again, this is a policy decision on the Council's part as to what projects should be paid out of fees versus the general fund or simply deleted. All the City Facilities included are needed to accommodate growth.

14. Effect on house price of borrowing money to pay fees at Final Map stage (Dennis Bennett) -

The impact fees for a single-family subdivision at 5 lots per acre total \$7,634 per lot. At 15% interest for 18 months, the additional cost to be passed on the home buyer is approximately \$1,700 plus whatever the developer and builder mark up their costs. These numbers are comparable to a realtor's fee on a \$150,000 sale (\$9,000 @ 6%).

This is over-estimated however, since it includes the time spent building the house. In collecting at building permit stage, there is still 6 months' or so interest while the house is being built. In collecting at the later stage, the fee will have to be approximately 4% higher to account for the loss of interest revenue in the fee program. These two factors would reduce the additional amount to approximately \$800 plus markup. We also would assume that with the growth management program, we will not see excessive numbers of lots

mapped so there should be a shorter time between map filing and home construction.

15. Lodi's proposed Park standard is 3.4 acres per 1,000 persons served. What is the parks standard for other agencies (Council) -

Stockton - 3 acres per 1,000 residents (considering commercial/industrial impact)

Davis - standard is area/distance based

Tracy - 3.5 acres per 1,000 residents

Manteca - 5 acres per 1,000 residents

Woodland (draft) - 3.2 acres per 1,000 persons served plus additional standards for facilities and regional parks

16. Relationship/methodology between Commercial land use and Police, Fire and General City Facilities and sales tax revenue (William Mitchell) -

No credit was offered for potential sales tax revenue. These sources don't even pay for Police, Fire, and Parks and Recreation operations, let alone new capital facilities.

17. Difference/relationship between commercial fees (especially streets) based on per acre basis versus per 1,000 SF of building area (William Mitchell) -

The basic decisions to use General Plan land use categories to keep the fee program simple and to collect at map stage means that acreage must be used since specific project plans are not available then. This also evens out small differences in land use and is much simpler to administer (fewer arguments over trip rates for specific types of land use nor worrying about minor changes in land use). Given this, there will always be at least 50% of the projects who feel they are below the average and should get a fee reduction. That could be done, but only if we charge the other 50% a higher fee.

18. Why have parallel water mains on certain streets? (Council) -

This is done on major streets and provides better service to what are usually large parcels needing many fire services. It reduces the need to cross the major street repeatedly which is expensive since such crossings are usually bored rather than open cut.

19. Police "existing persons served" is 80,207 per Table 7-1. This seems high. (Council) -

The number includes an accounting of residents and employees based on the various General Plan documents. It is consistently used in the existing land use and project land use, although it is recalculated separately for each fee category.

20. The additional number of firefighters appears to be more than that needed for the new station. Is it "top heavy"? (Council) -

The projects/equipment shown on Table 8-1 are per the Fire Long Range Plan which includes :

- A 4-person "quint" (combined truck/engine) at the new Station 4, which includes 1 captain (mid-management)
- Adding a firefighter to the east side truck company
- Adding 2 fire inspectors
- Adding 1 public education specialist
- Adding 1 hazardous materials specialist

All are firefighting personnel. This is a total of 23 positions for which equipment costs only are included.

21. We are collecting fees for a fire station that will not be built for a few years (Council) -

The collection of fees for future projects is in compliance with State law given that we have a long-range Capital Improvement Program.

22. Parks and Recreation, Page 78, Paragraph 2 says 770 SF is the existing building standard (Council) -

That is a typographical error; the correct figure is 1,800 SF.

23. If a service club or private donation builds a park improvement, what happens to the fee? (Council) -

When a project included in the fee program is funded from another source, the cost estimate would be changed at the next fee program update along with any other changes and/or cost increases; thus the total fee would be adjusted accordingly.

24. Why don't we reimburse the City for the cost of land already purchased? (Council) -

That could be done. However, then the land could not be counted as part of the existing standard. For example, the semi-developed portion of Pixley Park (C-Basin) was counted in the existing standard. It could be removed from the standard and included in new parks. In some specific cases (such as the rest of C-Basin), the undeveloped land was purchased with impact fee (Master Storm Drain) funds so it would not be appropriate to "buy" it again. In other cases, such as the 13-acre Lodi Lake Park expansion, the land was acquired many years ago (more than 10) and it would be difficult to determine the purchase terms and conditions. In the case of streets where we included recent widening projects, the cost of land (Right-of-way acquisition) was included. We would include some allowance for park land already owned if Council so desires and City provides specific direction. This would of course increase the fee. An example is shown in Table 1.

25. Why is the level of service standard for City Hall being increased per Page 91, Table 10-1? (Council) -

The analysis for City Hall reflects that fact that the existing building is overcrowded, thus the total cost of the project cannot be placed on new development. The term "level of service standard" in this case is misleading since it is a statement of existing conditions, not a desired level of space allocation. The future total is based on the present plans for the expansion of the building and matches the projections of City Hall personnel increases throughout the life of the General Plan.

Additional Discussion

Although there were no specific questions, the issue of "affordable housing" was discussed. This issue involves much more than just impact fees and includes land prices, construction costs, interest charges, profit margins and "the Market". However, the following discussion just addresses impact fees.

Certainly anything that increases expenses to developers and builders has the potential of increasing the final sale price. The issue of "who ultimately pays" is not clear and depends on many local factors. According to the latest information staff received at a recent seminar on impact fees, there have been very few rigorous studies that attempt to answer this question. These few indicate that while there is an increase, it is "trivial" when compared against increases due to other factors.

This seminar included some discussion on the "impact" of impact fees. Ten suggestions on offsetting their impact are attached as Exhibit A. Given the City's 2% Growth Management Plan, some of these suggestions are not possible. Note that No. 7 suggests fees be charged as early as possible in the approval process. Numbers 9 and 10 and similar alternatives would require a much more active role by the City in the area of housing programs. Such programs could be handled by other public agencies on a contract basis, by a consultant, or by new City staff.

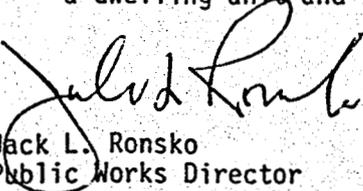
Recommendation/Action

At this point, staff needs Council direction on how to proceed with the Development Impact Fee Program in order to complete the enabling ordinance and implementing resolution. The draft fees as presented need to be recalculated anyway because of the changes in the final adopted General Plan and the Water and Sewer RAE factor changes. Also, the calculations started with revenue and expenses in fiscal year 1990/91. Obviously, the program will not start then. We do wish to proceed as quickly as possible; the City cannot collect any of its county-wide 1/26 sales tax (Measure K) allocations until we have a traffic fee in place.

Council decisions are needed on the following issues that have been raised which will also affect the fee calculation:

.. City Council
June 20, 1991
Page 9

1. RAE Schedules - In addition to the water and sewer changes, if the Council has questions/concerns on other schedules (such as Parks and Recreation and commercial/industrial land use), these should be resolved.
2. Projects/Standards - A decision should be made on the project list and standards used, especially in Parks and Recreation where the most questions were raised; also the land value figure should be agreed upon.
3. Fee Collection - The issue of collecting at Final Map versus Building Permit is critical. In changing to building permit, staff would recommend changing the residential acre equivalent factors (RAE's) to a dwelling unit and 1,000 SF commercial/industrial basis.


Jack L. Ronsko
Public Works Director

JLR/RCP/mt

cc: Concerned Citizens
Nolte and Associates
McDonald and Associates
Assistant City Engineer
Department Heads

Table 1
APPROXIMATE PARKS AND RECREATION IMPACT FEE REVISIONS

	"Existing" Standard	Future Additions	Cost of Future Additions	Fee per RAE	Diff.
<u>Parks</u>					
With Lodi Lake	177.8 Ac	83.0 Ac	\$12,994,000	\$11,810	--
Deduct Lake 35 Acres	142.8 Ac	66.7 Ac	\$10,440,000 (approx.)	\$10,210	-\$1,600
Deduct 50% of Lake 35 Acres	160.3 Ac	74.8 Ac	\$11,710,000 (approx.)	\$11,000	-\$ 810
<u>Community Buildings</u>					
With All Facilities	94,800 SF	44,100 SF	\$ 4,410,000	\$11,810	--
Deduct All Leased Facilities	49,700 SF	23,120 SF	\$ 2,312,000 (approx.)	\$10,490	-\$1,320
Prorate Pavilion SF	77,470 SF	36,040 SF	\$ 3,604,000 (approx.)	\$11,310	-\$ 500
<u>Land Reimbursement</u>					
Lodi Lake 13 Acre Expansion	--	--	\$ 1,300,000 (approx.)	\$12,630	+\$ 820

*Master Plan, Community Buildings, and miscellaneous projects subtotal \$5,749,000 for \$18,740,000 total program

Offsetting the Impacts of Impact Fees

Connerly (1988) argues that impact fees are simply bad policy because of their tendency to force higher prices and thereby displace lower- and middle-income households. Huffman, Nelson, Smith, and Stegman (1988) warn that impact fees may displace development to areas that may be less able cope with that development. They also warn of fiscal effects. The problem is that public **officials** have not generally come to grips with these or other effects of impact fees. Where impact fees are relatively small, however as they seem to be at the present time in most communities assessing them - any impact of impact fees **will** be practically meaningless.

Nevertheless, where communities are concerned about prospective adverse impacts of impact fees, they may pursue *any* of several mitigating policies (Weitz, 1984). The aim of *such* policies is to *shift as* much of the burden back to owners of vacant land as possible, soften the magnitude of impact fee effects on housing prices by encouraging greater land use intensity, and distribute the remaining burden among tenants of new development and developers so that no party is burdened with the whole impact. What exactly are those policies? Ten are suggested here.

1. Assure that long-range community plans adequately foresee future development demand by providing enough land for that development. That land must be provided with suitable infrastructure. These efforts will keep the land market from internalizing supply shortages attributable solely to unserved land.
2. Give adequate **advance** notice to developers of impending impact fees. This may be done **through** public hearings and delayed effective dates. The objective is to give developers enough time to negotiate more favorable land purchase prices.
3. Tailor impact fees to the effects that specific developments will have on communities. Fixed fees fail to account for projects have relatively higher impacts because of their location in more congested areas. Setting fees by service area of facilities is one workable solution.
4. Attempt to provide a competitive market. In a tight market where demand for developable land exceeds supply in the short term, public **officials might** allow greater development density (where facilities *can* accommodate it), or allow annexations.
5. Assure consistent land use practices. When landowners perceive that zoning or planning changes are easily acquired, they **will** force developers to pay prices reflecting those expectations. Communities should hold firm to land use designations.
6. Many communities under-assess vacant land or extend it certain open space tax preferences. Such practices subsidize speculative behavior, allow landowners to hold land for longer periods, and enable landowners to demand higher prices than the market would otherwise **justify**. They should be reconsidered.

7. **Assess** impact fees at the stage in the development process that can have the least **impact on prices**. Consideration might be given to assessing the fees upon approval of a project. This **has** the effect of forcing developers to internalize the fee **as a cost** before selling land to builders. It should encourage developers to negotiate lower land prices.

As a practical matter, the farther along in the development process the fee is **assessed**, the more likely it will be passed along to buyers. Assessing the fee at the building permit stage has the advantage of raising revenue approximately when the impact is felt **while keeping** the fee relatively far away **from** buyers. Assessing fees **upon completion or explicitly shifting fees to buyers will not put** downward pressure on sellers of vacant, **buildable land and will instead guarantee** forward linkage of the fee.

8. **Communities should consider** more flexible use of local improvement **districts**. If communities can extend to new development lower borrowing rates and allow **repayment of the fee over a long period of time**, the potentially adverse effects of **impact fees may be greatly reduced**.
9. **Communities should aggressively pursue** subsidized housing programs offered by the federal and state **governments**. Connerly (1988), for example, calculates that **the impact fee burden on lower-income households can be nearly completely eliminated by use of federal low income housing tax credits**.
10. **Some communities pay the impact fee** for lower- and middle-income housing from the **general fund or other sources**. This **has** many attractive features. First, there is **little adverse impact on the construction of affordable housing**. Second, the **impact fee revenues are** fact raised and put into necessary, earmarked accounts for **use by specific facilities**. Third, it is the community at-large that subsidizes such **housing with payment of the fees**. Loveland, Colorado, and Broward **County, Florida**, are among communities that do this.

Communities should consider an impact fee mitigation policy package comprised of the **combination** of those policies that together **show** the greatest promise for offsetting the **impacts of impact fees**.

Source: "A Practitioner's Guide to Development Impact Fees" by James C. Nicholas, Arthur C. Nelson, Julian Juergensmeyer

Course notebook from 1991 seminar on Development Impact Fees

