

City Council approves exemption to traffic impact fees

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By Jim Feehan

Change makes it easier to find tenants for large storefronts

City Council members unanimously approved amendments to several of the city's traffic impact fees Jan. 20, in hopes of making it easier to find tenants to fill vacant storefronts. The bill exempts up to 10,000 square feet of commercial development proposals from the city's traffic impact fees.

However, during discussion of the bill Deputy Council President Fred Butler made an amendment to review the effect the exemption has on the city in March 2010.

At that time, council members could choose to renew, amend and or terminate the bill.

While most of the attention has been focused on the downtown core and its businesses, the bill also applies to other parts of the city, said Mark Hinthorne, city planning director. A 30,000-square-foot space broken into three 10,000-square-foot spaces also qualifies for the exemption.

The measure also reflects the removal of the once-proposed Southeast Bypass from the fee schedule. The update of the impact fee includes a \$1.6 million reduction in the city's financial contribution toward the roadway capacity projects list. With the adjustments, the impact fee rate declines from about \$4,800 to \$3,300, a reduction of 32 percent.

The state's Growth Management Act authorizes cities to charge impact fees to help assure that public facilities are available to serve new development. Issaquah's transportation impact fees were first adopted in 1997 and updated in 2006. The fees are paid by developers of new projects to offset the city's cost of providing additional service, but they are also charged to tenants who change the use of an existing building.

The cost to the city, in this economy, is expected to be about \$120,000 in impact fees officials would have otherwise collected, Hinthorne said. During times of significant growth in the city, it would have cost the city between \$160,000 and \$200,000.

Business owners said the fees were burdensome and prohibited them from finding tenants.

At the meeting, Hinthorne confirmed that sentiment by sharing a range of typical costs associated with impact fees for small businesses. Those costs can be as little as a couple thousand dollars or up to \$75,000 in some cases, depending on the type of business being set up, he said.

"Hopefully, this stimulates folks to move forward," Butler said.

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