

TITLE: Impact Fee Waiver Request – AMASA Apartments

DISPOSITION: Discussion and possible action

PRESENTER/S: Michael A. Black, AICP, City Manager

ATTACHMENT/S:

1. Draft LURA / Restrictive Covenant – AMASA Apartments
2. Applicant Letter – Waiver Request
3. Adopted Affordable Housing Partnership Policy and Impact Fee Assistance Program
4. City of Moab Impact Fee Invoice for AMASA Apartments

STAFF RECOMMENDATION: Staff recommends that the City Council approve the Impact Fee Waiver request submitted by AMASA Apartments, subject to execution of the required Waiver Contract under Section 7 of the Policy.

Background

The City Council adopted the *Affordable Housing Partnership Policy and Impact Fee Assistance Program* (the “*Policy*”) to establish a unified and consistent process for providing impact fee waivers for deed-restricted affordable housing developments. The Policy clarifies eligibility, required application materials and provides the criteria for calculations for granting fee waivers in accordance with MMC §§ 13.25.090 and 17.69.110.

The Policy authorizes the use of the Housing Fund to offset impact fees for designated affordable housing units that are:

- Located within city limits,
- Deed-restricted for between 10–50+ years,
- Reserved for households earning $\leq 120\%$ AMI, and
- Developed by applicants in good standing with the City of Moab.

Waivers are calculated using the Policy’s “Impact Fee Waiver Matrix,” allowing a maximum waiver of \$1,000 per unit, scaled based on deed term and AMI eligibility tier.

The applicant meets the eligibility criteria under the *Affordable Housing Partnership Policy and Impact Fee Assistance Program*, has provided the required documentation—including a recorded long-term affordability covenant—and qualifies for an impact fee waiver amount calculated pursuant to the Policy’s Impact Fee Waiver Matrix. See “Project Information” for details.

PROJECT INFORMATION

The development is a multi-family affordable housing project that will be available to Moab's local workforce. The project is phase 1 of multi-phased development. There is a total of 50 units, ranging from 2-4 bedrooms. The project has been approved through all appropriate City requirements and is currently ready for the construction phase. Units include a recorded long-term affordability restriction of 50 years, including rent and income limits tied to AMI (average of 43.40% AMI) as required under the Low-Income Housing Tax Credit program ("LIHTC").

Affordability Documentation

The applicant has provided the draft *Low-Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants (the "Agreement")*. This document will be recorded on the property and the issuance of the any Impact Fee waiver, pursuant to the Policy and the decision of the City Council, will be dependent on providing a recorded copy to the City of Moab.

The recorded agreement includes:

- Binding affordability covenants enforceable by the State of Utah,
- Income restrictions on 50 apartment units, with an average of 43.40% AMI (Sections 2 & 13)
- A duration tied to LIHTC compliance and extended use periods lasting 50 years (Section 9),

All of which satisfies the Policy's requirement for affordability restrictions, once the Agreement is recorded.

Applicant Request

The applicant requests an impact fee waiver under the new Policy, and staff has verified that the application meets the eligibility requirements, or can meet those requirements as a condition of approval, as show below:

1. The application meets the eligibility criteria under Sections 3 and 5 of the Policy.
2. The project **has not** recorded restrictive covenant, but has prepared the document and will provide a recorded copy to the City ensuring long-term affordability for 50 years prior to issuance of any approved Impact Fee waivers.
3. The development meets the affordability goals of MMC Chapter 17.69, as reinforced in the LURA.
4. The waiver directly supports City housing goals as identified in the 2023 Moab Area Affordable Housing Plan by providing deed restricted affordable units for rent.
5. The requested waiver is consistent with the intent of the Policy and advances affordable housing for Moab's local workforce.

Using the Matrix (Section 6 of the Policy), and based on the average of 43.40% AMI for 50 units, for 50+ years, the development qualifies for a potential waiver of \$875.00 per unit. Consistent with Section 5(C) of the policy, the City Council may choose to approve a waiver for a total of **\$43,750.00** for the total project (50 units). See the calculations below:

AMASA Apartments – Matrix Calculation:

1. 50-year deed restriction = 1 point
2. 43.40% AMI (average) = .75 points
3. Total Points Earned = 1.75
4. Total Points Possible = 2
5. Waiver Percentage = $1.75 \div 2 = .875$ (87.5%)
6. Total Waiver Value Per-Unit = $\$1000.00 \times 87.5\% = \875.00
7. Dollar Amount of Potential Waiver (total project) = $50 \times \$875.00 = \$43,750.00$

Impact fee waivers draw from the Housing Fund and shift infrastructure costs to the City; however, the Policy identifies this use as consistent with advancing long-term affordable housing objectives. Should the waiver be approved, the City will transfer the corresponding amount from the Housing Fund to the applicable City funds where the impact fees would normally be deposited.

Proposed Motion:

I move to approve the Impact Fee Waiver request submitted by Amasa Apartments, with the Condition that the applicant shall provide proof of recording of the required *Declaration of Restrictive Covenants* prior to the issuance of any fee waivers or credits, and authorize the City Manager to execute the required Waiver Contract.

RELEVANT LAWS, STUDIES & PLANS:

Affordable Housing Plan;

Affordable Housing Partnership Policy and Impact Fee Assistance Program;

Moab Municipal Code 17.69

RESPONSIBLE DEPARTMENT(s):

Administration, Community Development

FINANCIAL IMPACT:

Impact fees are charged to cover the inherent impacts of adding density to systems like water, sewer and storm drains. Over time adding density to these systems will require upgrades and expansions of existing systems.

Waiving the impact fee does not cancel out the impact that a development will have on our systems. In a case where the City waives impact fees for qualified reasons, the City is taking on that burden to fund the waived portion of the impact to our systems.

The actual financial impact to the City from this waiver is to reduce the Housing Fund (workforce assured housing) by the total waiver amount. Should the waiver be approved, the City will transfer the corresponding amount from the Housing Fund to the applicable City funds where the impact fees would normally be deposited. The Housing Fund has a balance of \$300,000 of unallocated funds that can be used for this purpose.

The applicant owes \$246,648.81 in impact fees to the City. Any Impact Fee Waiver amount would be subtracted from this total. This amount reflects the project's total overall impact fee obligations for this phase. This includes water, sewer and storm drain impact fees.