

**ORDINANCE NO. 2015-12-048**

**AN ORDINANCE ESTABLISHING AN INFILL INCENTIVE PROGRAM  
REDUCING SYSTEM DEVELOPMENT CHARGES AND PERMIT FEES FOR  
QUALIFYING PROJECTS IN TARGETED URBAN VILLAGES AND AMENDING  
TITLES 14, 15, AND 20 OF THE BELLINGHAM MUNICIPAL CODE.**

**WHEREAS**, a key strategy in the Comprehensive Plan to preserve neighborhood character and accommodate anticipated growth is to target areas throughout the City of Bellingham that can best absorb increased development densities in the form of "urban villages"; and

**WHEREAS**, six urban village plans have been adopted as part of the Comprehensive Plan, describing the type of environment envisioned for these areas; and

**WHEREAS**, despite the establishment of zoning, development regulations, and other land use enablement to achieve the urban village vision for these areas, the desired infill development has occurred with mixed results; and

**WHEREAS**, City Council has determined that it is in the public interest to establish an infill incentive program to encourage development and redevelopment within targeted urban villages and to dedicate general fund revenue to that purpose; and

**WHEREAS**, the infill incentive program created by this ordinance authorizes the City planning and community development director to grant eligible projects a partial exemption of fifty-percent of applicable development charges to be paid by general fund money allocated for that purpose; and

**WHEREAS**, City Council anticipates that, through the budget process, it will allocate up to \$250,000 per year from the general fund for years 2016, 2017, and 2018 to pay for the infill incentive program created by this ordinance.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BELLINGHAM  
DOES HEREBY ORDAIN THAT:**

**Section I.**

A new Section 20.37.030 of the Bellingham Municipal Code, establishing an infill incentive program for targeted urban villages, is adopted as follows:

20.37.030 Infill incentive program - Reducing System Development Charges and Permit Fees

**A. Purpose.**

The purpose of this section is to adopt an infill incentive program to encourage development and redevelopment within the City's Downtown Urban Village established in BMC 20.37.210

and the Old Town Overlay District established in BMC 20.35.060 by providing a partial reduction of system development charges and permit fees for eligible projects.

#### B. Definitions.

The following definitions apply throughout this section:

"Director" means the director of the City of Bellingham planning and community development department.

"Eligible project" means a major construction project or major renovation project located within the Downtown District Urban Village established in BMC 20.37.210 or Old Town Overlay District established in BMC 20.35.060; provided that the project is consistent with the applicable urban village plan and development regulations.

"Major construction project" means construction of a new building with at least three stories or 35-feet in height as defined in BMC 20.08.020.

"Major renovation project" means construction of improvements to a building existing as of the date of adoption of this ordinance of at least 10,000 total square feet and two stories in height where the cost of construction is reasonably anticipated to exceed fifty percent of the assessed value of the existing building.

"Program allocation" means the amount of general fund money allocated to the infill incentive program by City Council through the budget process for fiscal years 2016, 2017, and 2018. The term also includes any funds allocated to the infill incentive program that remain unencumbered at the end of 2018 and that are reappropriated by City Council through the budget for expenditure in subsequent years.

"Development charges" means all planning and permit fees, including, but not limited to, the public works, building, mechanical, plumbing, electrical, land use and fire permit fees established in BMC 14.32 and Resolutions 2004-20, 2005-28, 2006-40, 2007-23, 2007-26, 2009-26, and 2011-18, as amended, and all system development charges established in BMC 15.08.250, BMC 15.12.175, and BMC 15.16.030.

#### C. Program allocation.

City Council shall determine, through the budget process, the amount of general fund money to be allocated in 2016, 2017, and 2018 to pay the cost of the infill incentive program. Any funds allocated to the program during the budget process that remain unencumbered at year end may be reappropriated to the program for expenditure in subsequent years.

#### D. Term.

The infill incentive program established through this section shall commence January 1, 2016 and expire December 31, 2018; provided that the infill incentive program shall extend beyond December 31, 2018 for the limited purpose of administering any funds remaining in the program allocation.

#### E. Application for Infill Incentive

Applications shall be made in accordance with the forms and procedures developed by the Director. The Director shall review and decide applications on a first-come, first-served basis.

#### F. Application - Review.

Upon application by the developer, the director shall grant a partial exemption of fifty-percent of development charges applicable to the project, provided that the following requirements are met:

1. The director determines that the project is an eligible project.
2. Sufficient funds exist in the program allocation to pay the exempted portion of applicable development charges. If insufficient funds exist in the program allocation to pay fifty-percent of applicable development charges, the director may grant a lesser exemption equal to the funds remaining in the program allocation.
3. The applicant executes an infill incentive contract in accordance with subpart G of this section.

#### G. Vesting.

Exemptions granted under this section shall vest upon execution of an infill incentive contract signed by the applicant and the director, and approved as to form by the office of the city attorney, which establishes benchmarks for project completion and allows the director to revoke any exemption granted under this section if established benchmarks are not met. The base amount of applicable development charges shall be determined on the date such charges are due and payable, without regard to the date the exemption vested.

#### H. Administrative Procedures.

The Director may establish administrative procedures for the implementation of this section. These procedures will include an annual report to City Council on the program's effectiveness.

## Section 2.

Section 14.32.020 of the Bellingham Municipal Code, concerning the fee schedule for public works permits, is amended as follows:

A. - D. [UNCHANGED]

E. The public works permit fees imposed by this chapter may be reduced for qualifying projects in targeted urban villages pursuant to Bellingham Municipal Code Section 20.37.030.

### **Section 3.**

Section 15.08.230 of the Bellingham Municipal Code, regarding water service connection charges, is amended as follows:

A. - C. [UNCHANGED]

D. The system development charge imposed by this chapter may be reduced for qualifying projects in targeted urban villages pursuant to Bellingham Municipal Code Section 20.37.030.

### **Section 4.**

Section 15.12.170 of the Bellingham Municipal Code, regarding calculation of sewer system charges, is amended as follows:

A. - D. [UNCHANGED]

E. The system development charge imposed by this chapter may be reduced for qualifying projects in targeted urban villages, as outlined in Bellingham Municipal Code Section 20.37.030.

### **Section 5.**

Section 15.16.040 of the Bellingham Municipal Code, regarding exemptions, credits and adjustments to storm and surface water utility charges, is amended as follows:

A. - E. [UNCHANGED]

F. The storm and surface water utility system development charge imposed by this chapter may be reduced for qualifying projects in targeted urban villages pursuant to Bellingham Municipal Code Section 20.37.030.

**PASSED** by the Council this 7<sup>th</sup> day of December, 2015.

*Gene Knud*

Council President

APPROVED by me this 14<sup>th</sup> day of December, 2015.

*Kelli Linwood*

Mayor



ATTEST:

*Brian Henderson*

Finance Director

APPROVED AS TO FORM:

*Matt Stamps*

Office of the City Attorney

Published: December 11<sup>th</sup>, 2015