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Spokane Business and Housing Builders Shutdown more than 2,000 Construction Projects

"A devastating blow to home ownership and rental rates"
- 2023 Spokane REALTORS® President **Tom Hormel**

Spokane - Spokane business and housing builders, this morning, announced the immediate shut-down of more than 2,000 construction projects across the region in response to City Council 10-fold increase in Impact Fees.

Spokane City Council members, last night, effectively caused this shut down – in the middle of a housing crisis – in order to fund new projects they want built. Now, rushed by an "emergency" vote, new housing will cost an additional $21,000 to $28,000 per new house to catch up on water/sewer hookups and transportation fees.

In a poll conducted by Spokane REALTORS® and the Spokane Homebuilders Association, the top 100+ builders, developers and REALTOR® - builders were asked what the impact of these fees would be on the City of Spokane's Housing market.

- 88.71% say these rates would be Extremely Harmful to their business
- 73.68% say they would be Stopping Projects in Development immediately
- Of these 84% are involved in projects of 50 or less

"March 13th will forever be remembered at the day housing died in Spokane," said a frustrated Spokane REALTORS® President **Tom Hormel** following the vote. Both he and SR Governmental Affairs Committee Chair **Tom Clark** joined many REALTORS® in council chambers, last night, to outline the potential devastating impact to our market. Yet despite these warnings, the council voted 5-2 in passing the measure. Five votes is a super-majority, which means the Mayor cannot overturn last night's vote.

It's important to note, all impact fees are collected at the end of a building project and are paid directly by the new owners and are not paid by developers. The plan, which was unveiled as an Emergency Measure, leaving no time for analysis, debate, or consideration. Spokane City staff members say plans like this often take six months to a year to put together. Instead, they were asked to come up with a plan in just a matter of weeks.

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"Spokane doesn't realize it won't be collecting these fees, as this will only force building to go outside of the city," said Tom Clark, Government Affairs Chair for Spokane REALTORS®.

Under the plan any new single-family home will see:

- Water hookup fee will go from $1,200 to $10,700 or $17,345 (for 1")
- Sewer hookup $2,000 to $8,500
- Transportation impact fees will go up between $6,500 and $11,400 per home

On initial analysis, several home builders noted several items of concern:

- $381 million for a list of capital projects that have never been seen by the public or approved by the council
- $30-million water/sewer expansion for the airport being put on the backs of homeowners
- Equity problem – charges more for each unit in a 4plex than a new home, adds the same cost to an affordable home as a $1-million-dollar home
- Also - eliminates the discount for critical investment areas in East and West Central
- Does NOT exempt non-profits trying to build affordable housing

Census figures quantify Spokane's housing crisis: based on the 2020 census, we are 25,000 housing units short, meaning one-in-four Spokane families are under-housed. By housing estimates, this increase alone will price out some 8,000 more families that are trying to buy a home in Spokane.

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