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# Draft Impact Fee Framework

City of Tacoma | Public Works Department

**Transportation Commission**

**August 18, 2021**

**ITEM # 2**

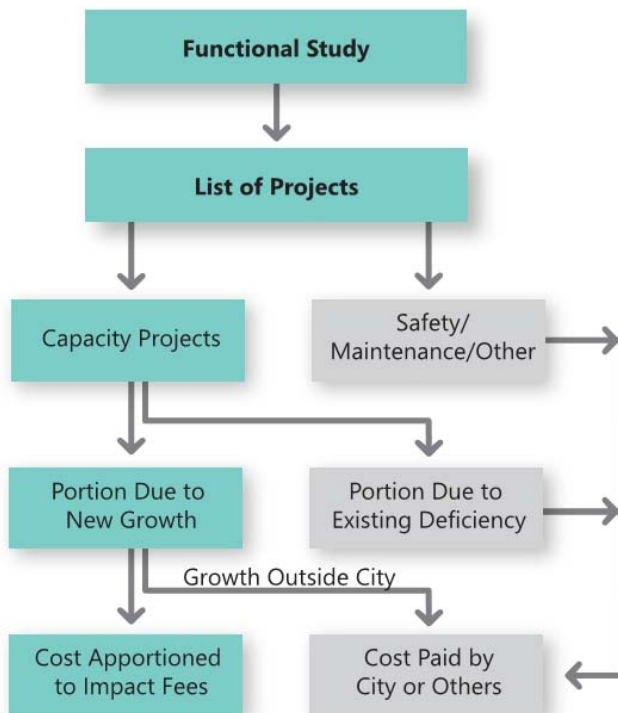


# OVERVIEW



- Background
- Community engagement
- Program considerations
- Program recommendations
- Next steps

# BACKGROUND



- Gap in infrastructure funding
- Impact fee program should:
  - Reduce review/permitting timeline
  - Increase fairness and predictability
  - Help growth pay for growth



# COMMUNITY ENGAGEMENT

- Transportation Commission
- Planning Commission
- Human Rights Commission
- Commission on Immigrant and Refugee Affairs
- Centro-Latino
- Tacoma Permit Advisory Task Force

“Immigrant families that we work with will want parks and schools for their children; bathrooms, soccer fields, sidewalks, etc.”

“How will the implementation of Impact Fees align with current tax incentive program for the construction of affordable, multifamily housing?”

Will Impact Fees rates differ in areas that still have open space for development?  
(Reference East Tacoma)



# COMMUNITY ENGAGEMENT



## Program Recommendations

This chapter presents key recommendations that resulted from the seven-month process summarized in the previous chapter. The chapter begins with a proposed mission statement, which should guide the development of an impact fee framework in Tacoma. The mission statement is followed by specific recommendations for a transportation impact fee framework and key steps to advance the development of a fire impact fee framework. This chapter concludes with guidance for how community engagement should be approached as these impact fee program frameworks progress towards implementation.

### Proposed Mission Statement

The City of Tacoma, like other local agencies in the Puget Sound area, has a significant gap in infrastructure funding. While the City Council and voters have taken meaningful and responsible measures to address some of this need—particularly when it comes to maintaining existing streets—the investments required to accommodate future growth are still underfunded.

Prior City of Tacoma planning documents, including the South Downtown Subarea Plan and the North Downtown Subarea Plan, have identified transportation impact fees as a method to help Tacoma bridge the funding gap for future investments. The need for additional local funding is recognized in the City's Transportation Master Plan and is highlighted in regional planning documents as well. The Puget Sound Regional Council's Draft regional transportation plan highlights the importance of local agencies making use of all funding options available, including impact fees, to address the growing demand for transportation infrastructure.

Existing businesses and residents have made significant recent commitments to addressing the need, and impact fees can provide a streamlined way to allow new growth to pay a one-time fee to share the cost of

## Key Questions:

- What is the need? Where is it located? When should it be addressed?
- How is equity being considered? Affordable housing, attainable housing, infill development
- Are there other funding resources?
- How will impact fees streamline the development process?
- Why now?

# ●●● Fee Stacking Introduction



## **Compared system development fees for five types of development:**

- Single family residential [2,076 sq. ft.]
- Multifamily residential [22,000 sq. ft.; 33 units]
- Office commercial [27,000 sq. ft.]
- Retail commercial [3,000 sq. ft.; e.g., convenience store]
- Industrial commercial [28,000 sq. ft. light industry]

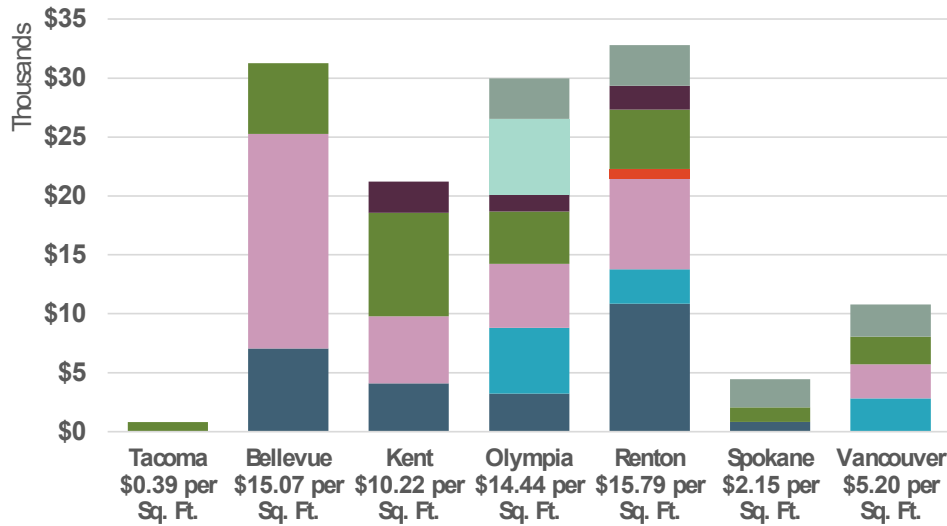
Many jurisdictions impose fees depending on location; downtown often having higher fee structures.

This analysis is of charges paid up front by developers and does not include charges paid by property owners.

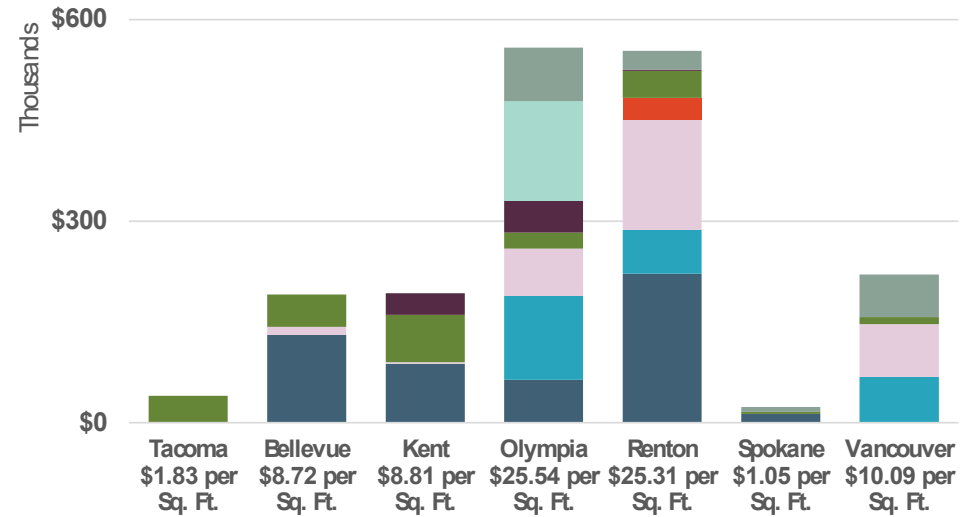
# Fee Stacking: Residential Development Fees



Single Family



Multifamily



- Transportation
- Parks
- School
- Fire
- Water
- Drainage/Stormwater
- Wastewater (Regional)
- Wastewater (Local)

Note: Graphs on different scales.

Sources: City of Tacoma, 2021; City of Bellevue, 2021; City of Kent, 2021; City of Olympia, 2021; City of Renton, 2021; City of Spokane, 2021; City of Vancouver, 2021; BERK, 2021.

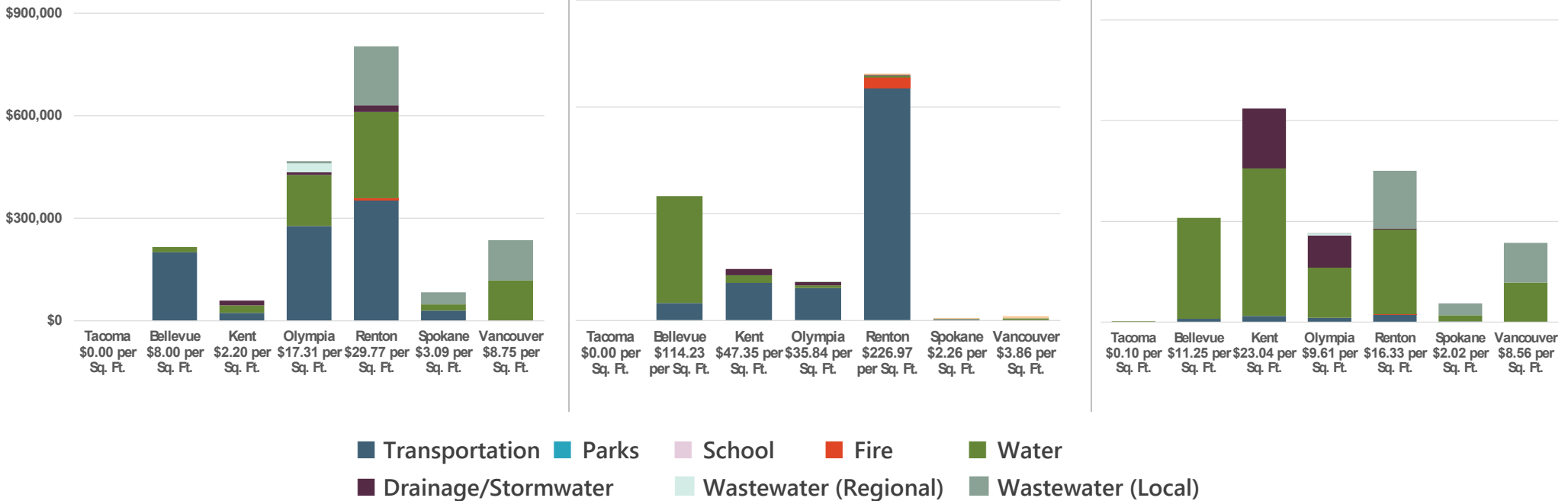
# Fee Stacking: Commercial Development Fees



### Office

### Retail

### Industrial



Sources: City of Tacoma, 2021; City of Bellevue, 2021; City of Kent, 2021; City of Olympia, 2021; City of Renton, 2021; City of Spokane, 2021; City of Vancouver, 2021; BERK, 2021.



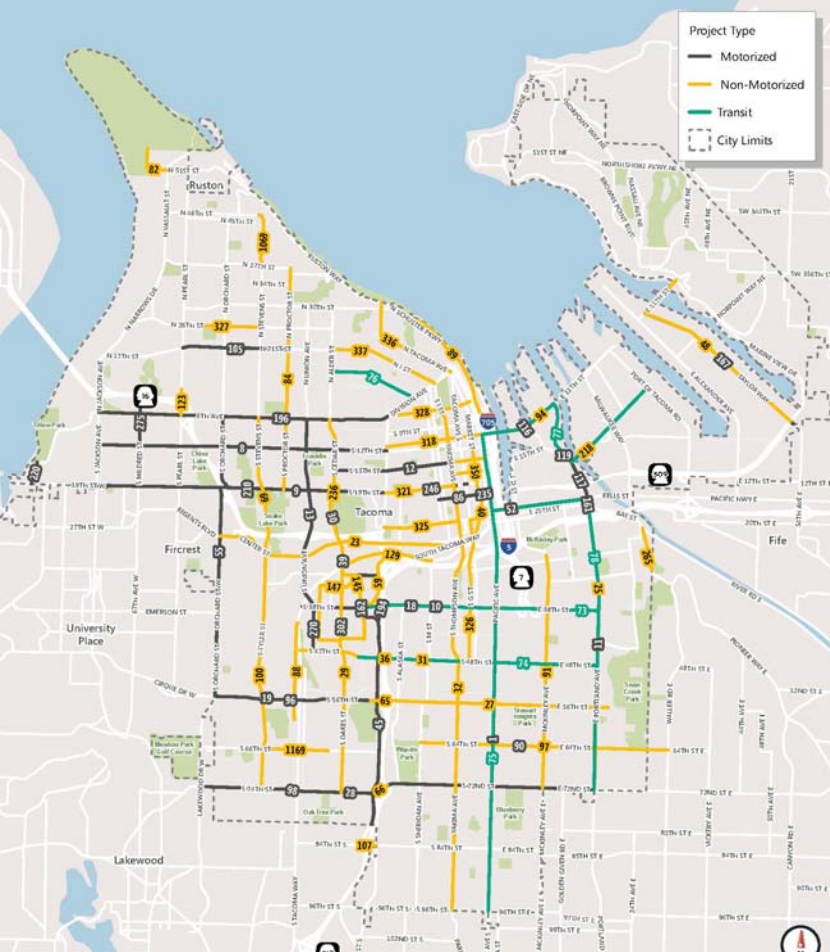


# Program Considerations



- Develop a Mission Statement
- **Four key principles** for Tacoma's impact fee framework:
  - Reflects collaborative dialogue between City, community, and development interests
  - Aligns with City goals related to housing affordability
  - Funds projects that accommodate growth and can be sustainably funded
  - Contributes to a more equitable infrastructure landscape, ensuring that no part of the city is left behind

# PROGRAM CONSIDERATIONS



Impact Fee Eligibility	Transit	Ped/Bike	Motorized
No	\$4,500,000	\$200,037,558	\$677,090,061
Maybe	-	\$269,879,179	\$72,644,841
Yes	\$48,375,000	\$125,142,633	\$226,211,543
<b>Total</b>	<b>\$52,875,000</b>	<b>\$595,059,369</b>	<b>\$975,946,445</b>

# PROGRAM CONSIDERATIONS

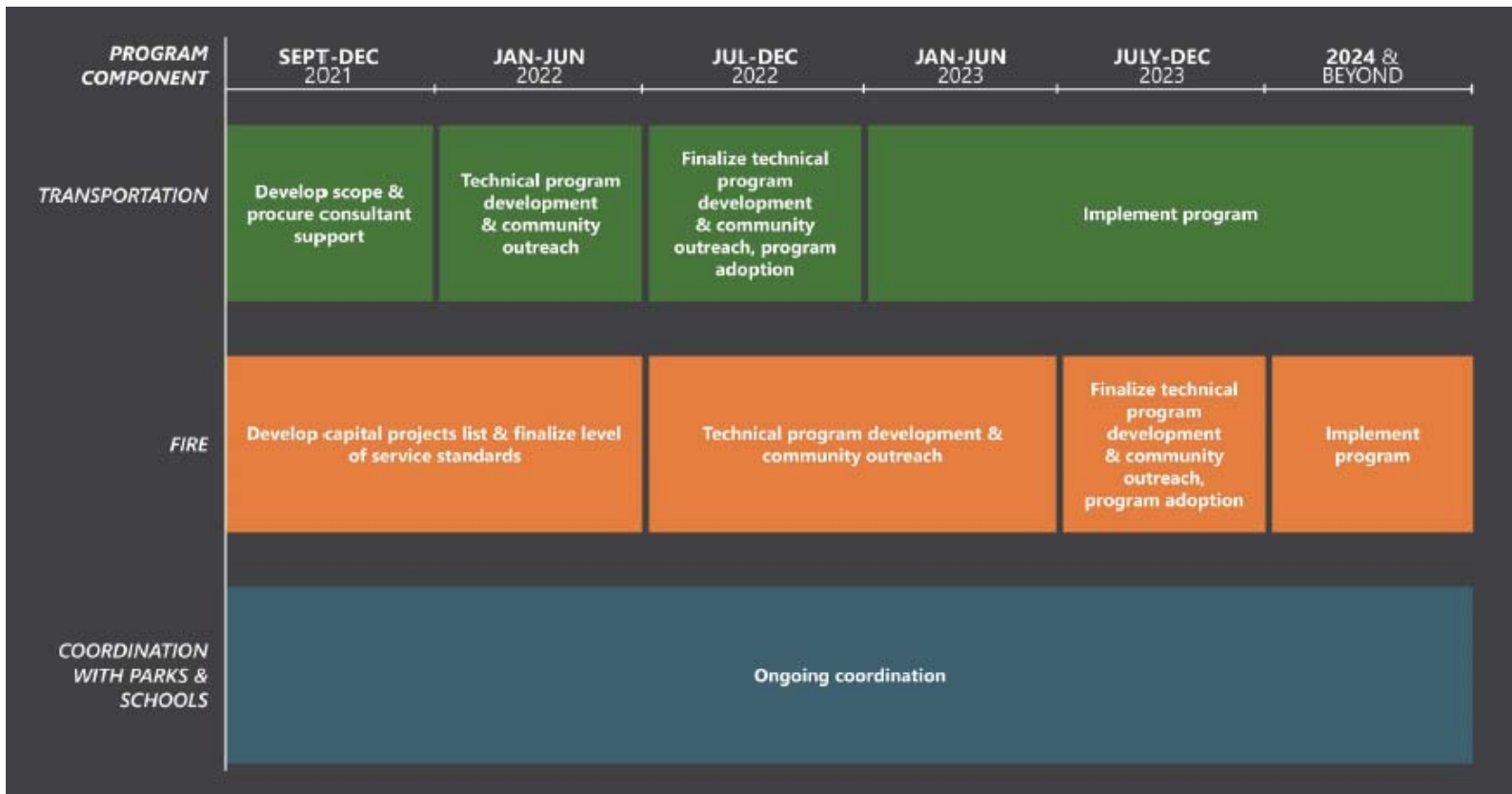


- Geographical areas/zones
  - Citywide or subareas
- Phasing
- Exemptions
  - Affordable housing
  - Detached dwelling units



Jurisdiction	Single-Family Rate	ADU Rate	% Reduction
City of Puyallup	\$4,500	\$900	80%
City of Tumwater	\$3,919	\$2,453	37%
City of Lacey	\$1,650	\$0	100%
City of Olympia	\$3,662	\$1,036	72%
Pierce County	\$4,859	\$2,479	49%
Thurston County	\$3,050*	\$1,525	50%

# NEXT STEPS



# RECOMMENDATIONS



- Continue to evaluate capital projects for eligibility
- Perform focused capital planning in areas that lack identified projects
- Define capacity based on person –trips as opposed to vehicle trips
- Refine forecasts for bases of the a fee program
- Develop zones to support equitable fee structure
- Leverage Tacoma’s Equity Index in structuring the program
- Develop Fee Schedule that meets the City’s priorities