

Tacoma Planning Commission

Impact Fees Check-In

August 4th, 2021

FEHR & PEERS

BERK
STRATEGY ■ ANALYSIS ■ COMMUNICATIONS

NWE Consulting

Agenda

1. Draft Framework Plan key elements:
 - Introduction
 - Process Summary
 - Program Recommendations
2. Fee Stacking Research Summary
3. Next Steps



Prepared by:

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Introduction

1. Tacoma's growth & infrastructure context
2. Legal framework & state guidance for impact fee programs
3. Why Tacoma is considering impact fees



Introduction

The City of Tacoma has experienced significant growth over the past decade. While this expansion has offered new residential opportunities, local jobs, and services, it has also strained the public infrastructure, including roads, parks, schools, and emergency services that our community relies on. While the City and voters have taken meaningful and responsible measures to address some of this need, including increasing funds for roadway maintenance, the investments required to accommodate future growth are still significantly underfunded.

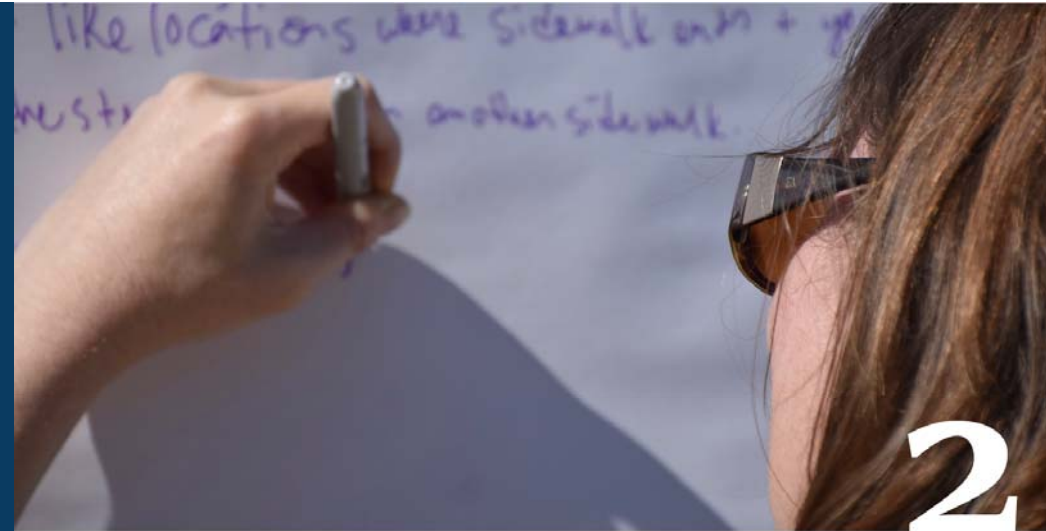
The City is committed to providing public infrastructure that meets the needs of our community and impact fees are a potential source for funding this infrastructure. Impact fees are applied widely throughout Washington State with more than 70 cities and counties having established transportation impact fee programs. School districts and parks districts throughout the state have also leveraged these programs to enhance their capital infrastructure to meet the needs of growth. Fire impact fee programs are less common, but several local jurisdictions¹ are leveraging these fees to provide adequate fire projection facilities to serve growing communities.

Given this context, the Tacoma City Council commissioned a study to develop a potential impact fee framework for the City of Tacoma. This framework, which has been developed with the guidance of the City's Public Works, Fire, Community Economic Development, and Planning and Development Services Departments, recommends the types of projects that could be funded, how the program should be structured, and identifies key steps needed to develop a program in Tacoma.

¹ Issaquah, Renton, and Tukwila are a few nearby examples.

Process Summary

1. Overview of this process
2. Key groups consulted
3. Feedback received



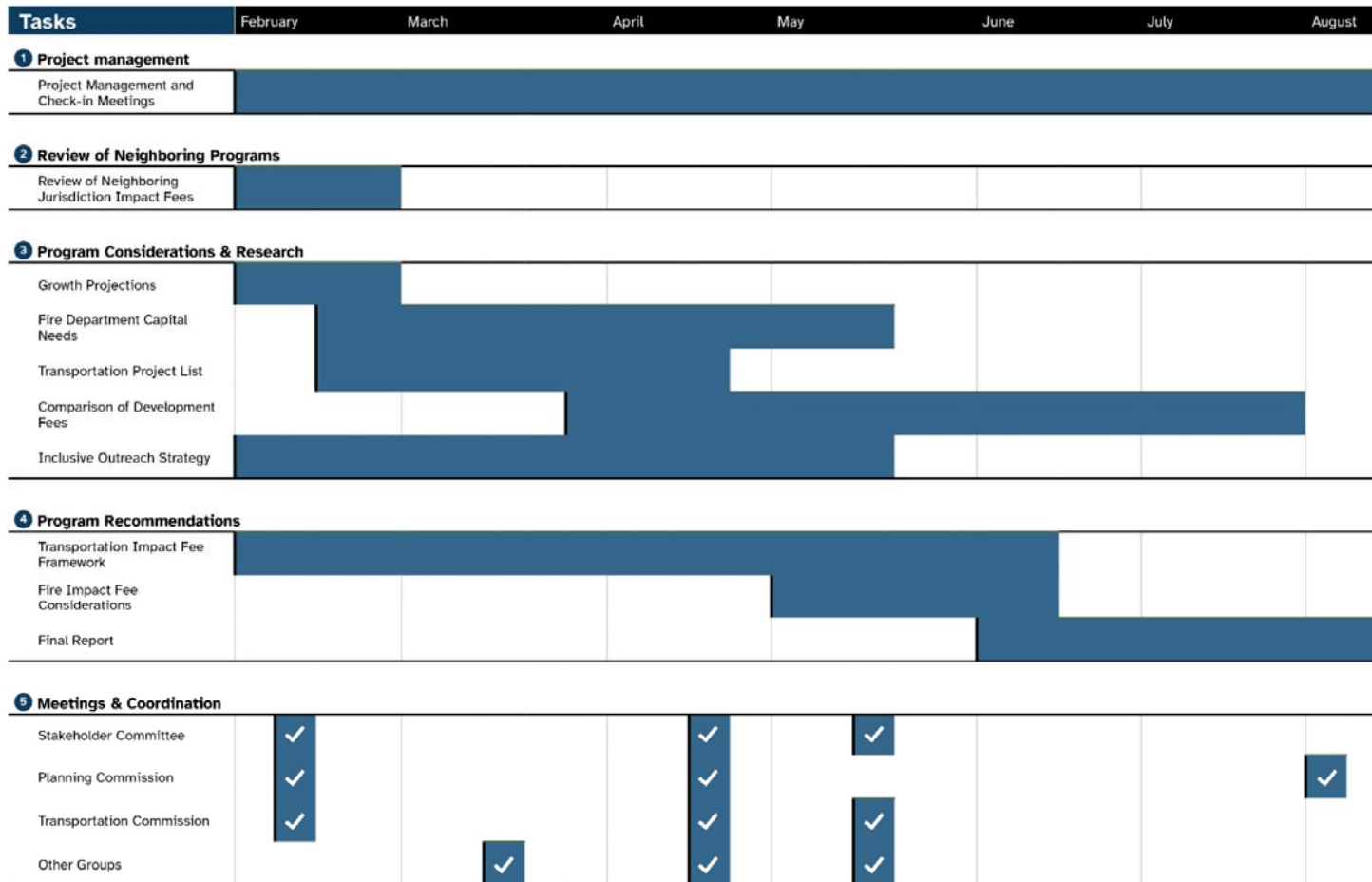
Process Summary

The Tacoma City Council commissioned this study to develop a framework for the potential implementation of impact fees in Tacoma. This framework, which has been developed with the guidance of the City's Public Works, Fire, Community Economic Development, and Planning and Development Services Departments, recommends the types of projects that could be funded, how the program should be structured, and identifies key steps needed to develop impact fee programs to fund transportation and fire protection infrastructure in Tacoma. Critical to developing this framework was an informed and inclusive process. This chapter outlines the process to date for considering impact fees in Tacoma. This work was conducted between February and August 2021.

Overview of Process

Exhibit 2 summarizes the approximate timing of key tasks conducted for this effort. **Exhibit 3** describes each of the groups that the project team consulted with throughout this process. These groups were selected based on their community representation and to obtain a better understanding of what meaningful community engagement should include. See **Appendix B** for recommendations on future community engagement and outreach. These exhibits are followed by a summary of the feedback each group provided.

Process Timeline



Program Recommendations

1. Proposed Mission Statement
2. Impact Fee Program Recommendations
 - Transportation
 - Fire
3. Process
4. Engagement
5. Implementation Timeline



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.

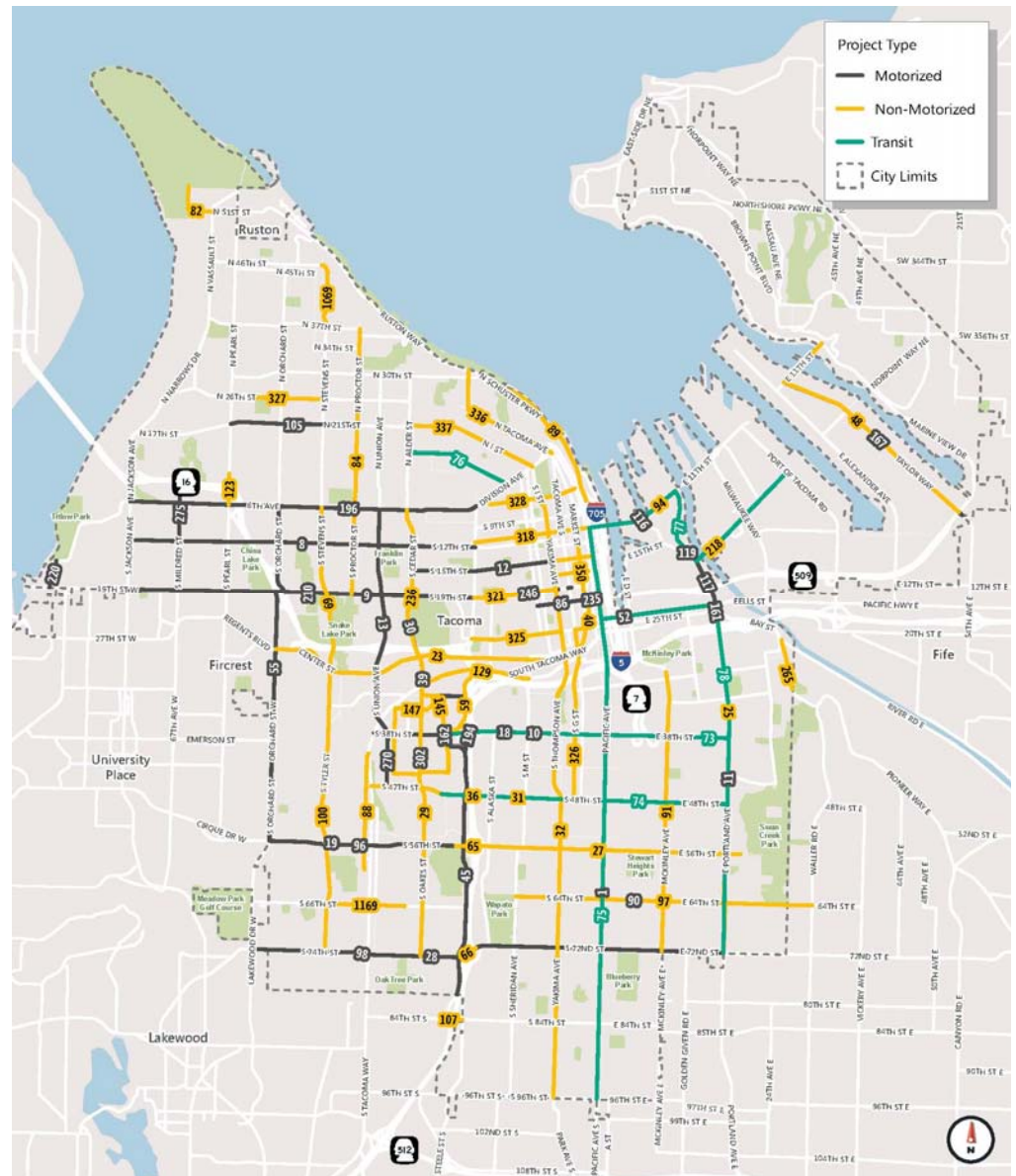
Existing businesses and residents have made significant recent commitments to addressing the need, and impact fees can provide a streamlined way to allow new growth to pay a one-time fee to share the cost of

Mission Statement

- Provides context for **why** impact fees are the right funding mechanism for Tacoma
- Presents **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

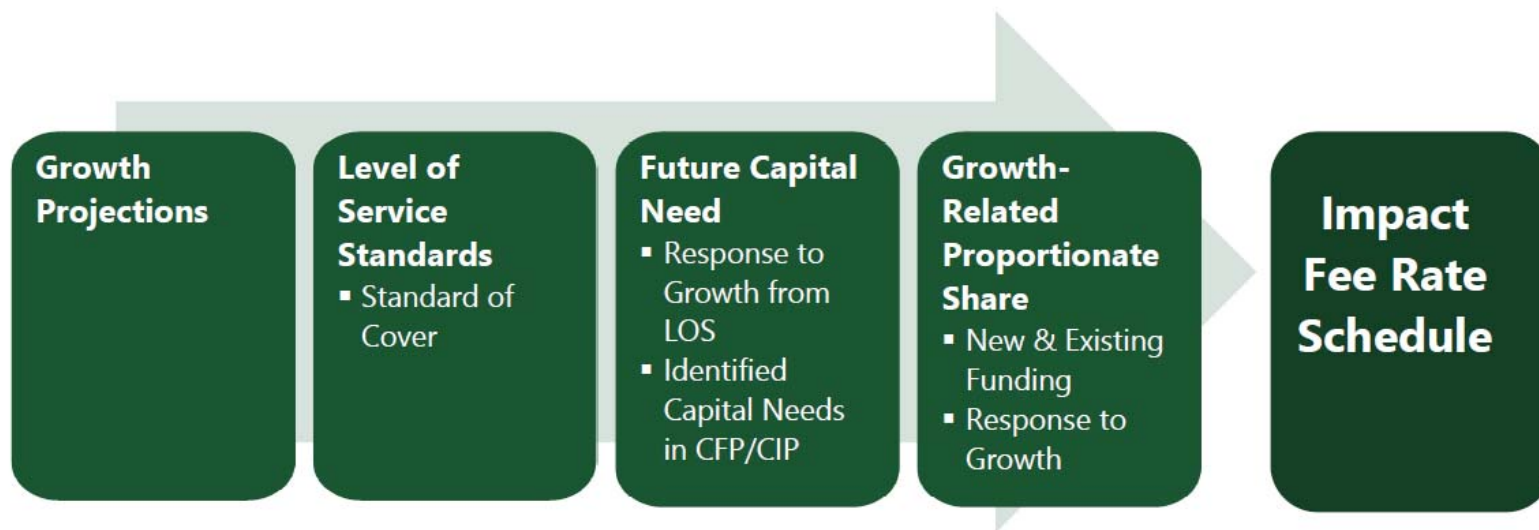
Transportation Program Recommendations

- Projects to fund
- Geographic considerations
- Fee schedule considerations



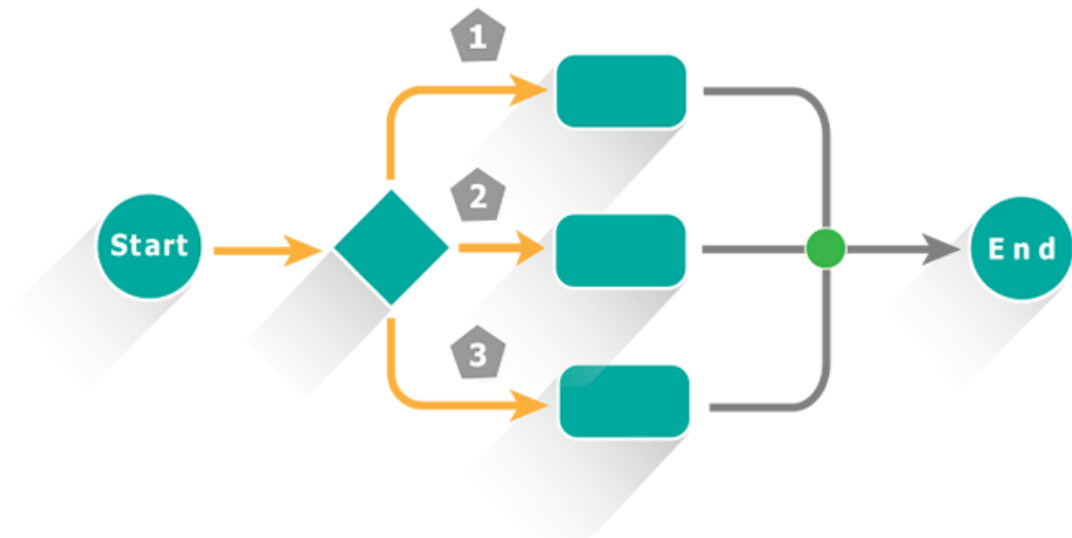
Fire Program Recommendations

- The City needs additional information to fully develop a fire impact fee program
- The framework describes steps to develop a program



Process Recommendations

- Necessary steps to stand up a program
- Impact fee ordinance requirements
- Frequency of updates
- SEPA considerations



Engagement Recommendations

Three-touch process with groups, including:

- UW Tacoma, Real Estate Advisory Board
- Hilltop Action Coalition
- Stadium Business District Association
- Hilltop Urban Garden
- Latinx Unidos of the South Sound
- Economic Development Board for Tacoma-Pierce County
- Tacoma-Pierce County Chamber
- Black Collective



Commission Questions/ Comments on Framework Plan



Fee Stacking Research Findings



Fee Stacking Introduction

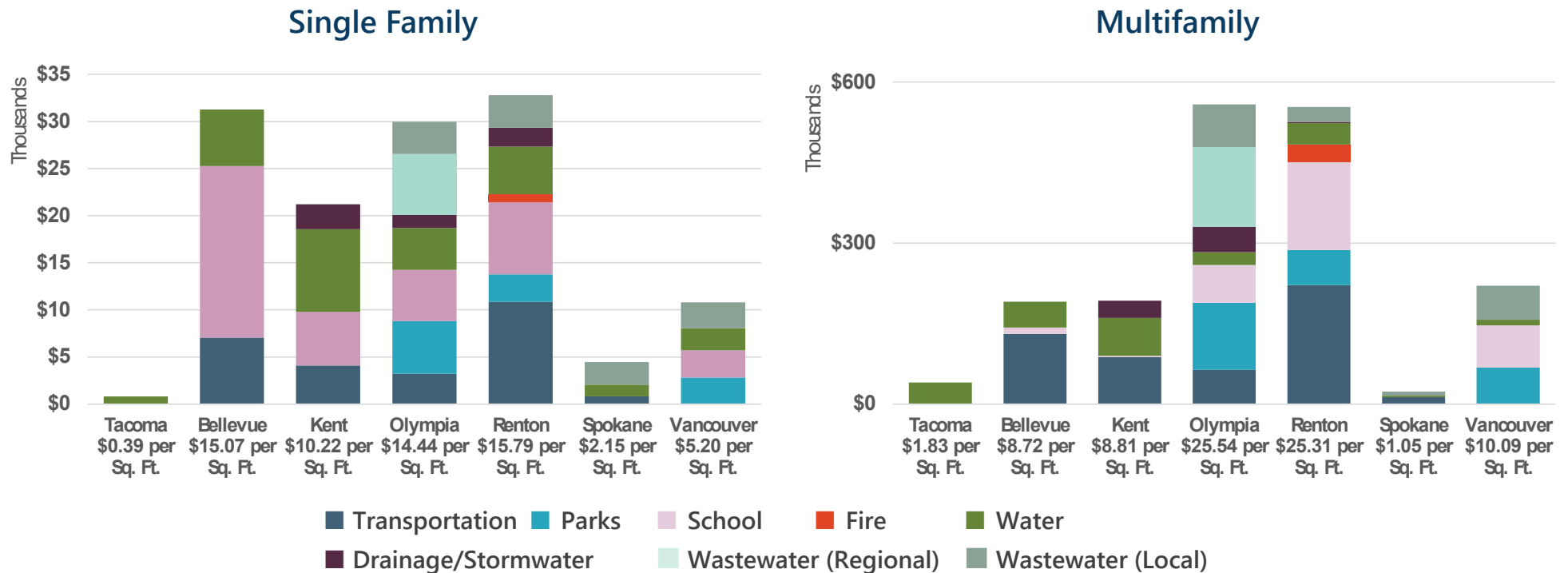
Compared system development fees for five types of development:

- Single family residential [2,076 sq. ft.]
- Multifamily residential [22,000 sq. ft.; 33 units]
- Office commercial [27,000 sq. ft.]
- Retail commercial [3,00 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.

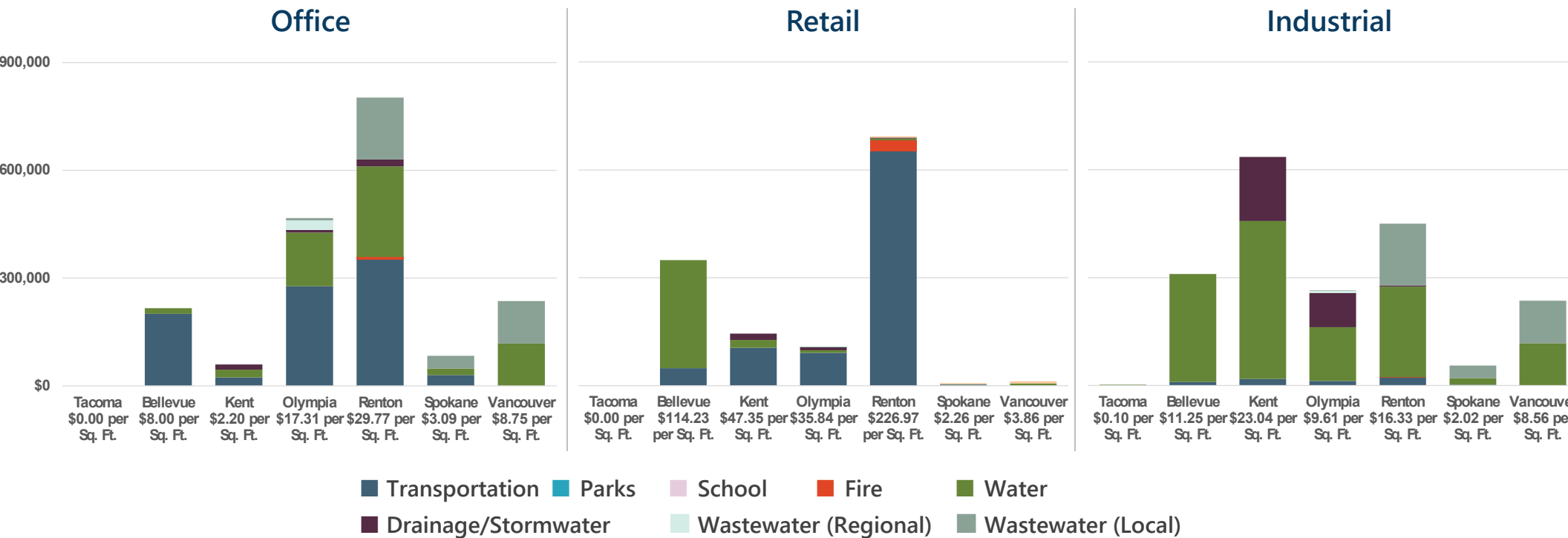
Fee Stacking: Residential Development Fees



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

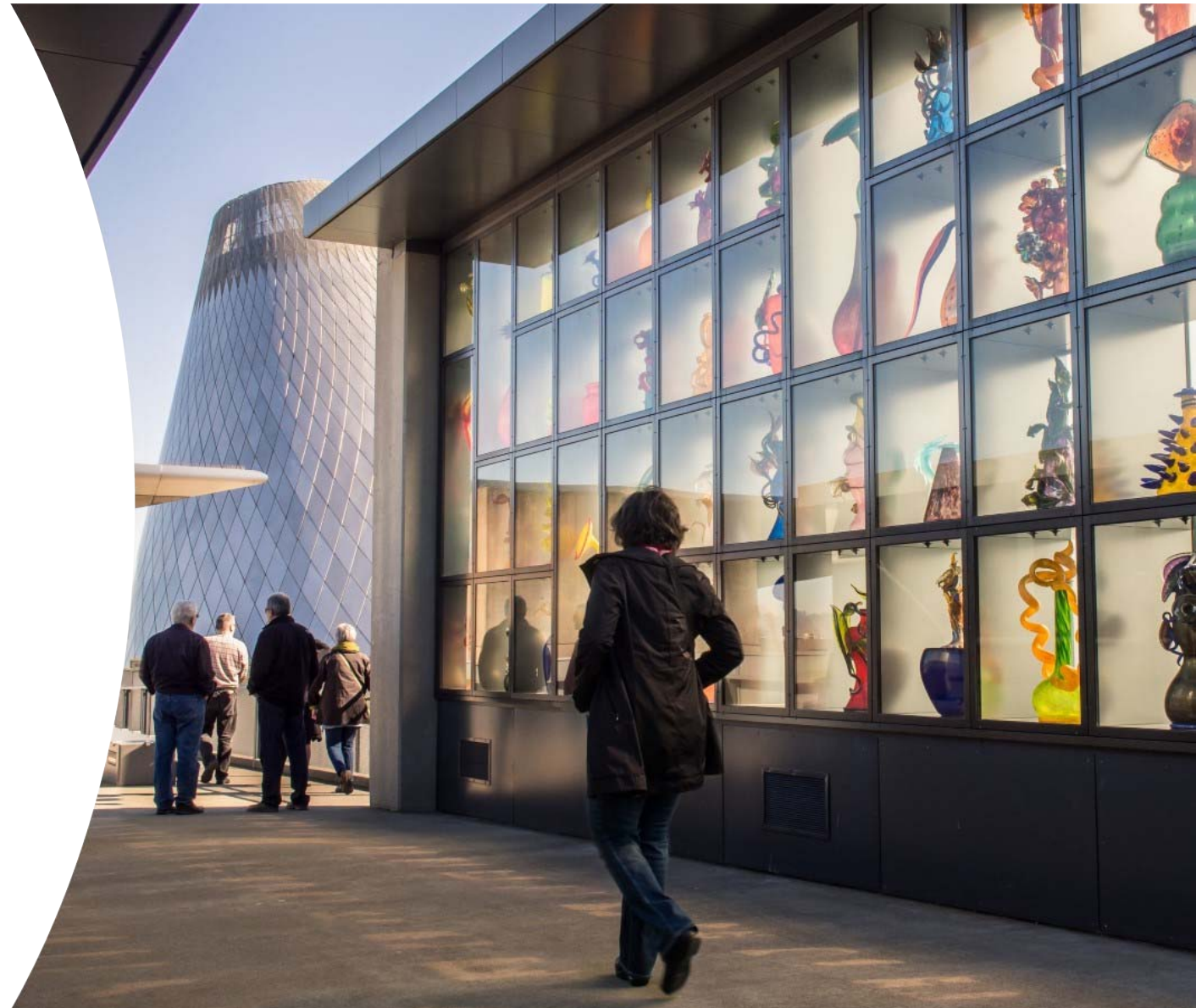


Sources: City of Tacoma, 2021; City of Bellevue, 2021; City of Kent, 2021; City of Olympia, 2021; City of Renton, 2021; City of Spokane, 2021; City of Vancouver, 2021; BERK, 2021.

Fee Stacking Summary

- Based on looking at typical development, Tacoma generally has much lower development fees than other Puget Sound cities and typically lower than Vancouver or Spokane
- Tacoma currently charges a water system development charge (TMC 12.10.310) but no other system development fees

Discussion & Next Steps



Next Steps

- Share this framework with IPS and other Council committees
- City Council study session in November
- Potential path forward:

PROGRAM COMPONENT	SEPT-DEC 2021	JAN-JUN 2022	JUL-DEC 2022	JAN-JUN 2023	JULY-DEC 2023	2024 & BEYOND
TRANSPORTATION	Develop scope & procure consultant support	Technical program development & community outreach	Finalize technical program development & community outreach, program adoption	Implement program		
FIRE	Develop capital projects list & finalize level of service standards		Technical program development & community outreach		Finalize technical program development & community outreach, program adoption	Implement program
COORDINATION WITH PARKS & SCHOOLS	Ongoing coordination					