Tacoma Planning Commission
Impact Fees Check-In

August 4th, 2021
Agenda

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

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

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 jurisdictions 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

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

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Program Recommendations

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

Engagement Recommendations
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, 2921; City of Vancouver, 2021; BERK, 2021.
Fee Stacking: Commercial Development Fees

**Office**

- Tacoma: $0.00 per Sq. Ft.
- Bellevue: $8.00 per Sq. Ft.
- Kent: $2.20 per Sq. Ft.
- Olympia: $17.31 per Sq. Ft.
- Renton: $29.77 per Sq. Ft.
- Spokane: $3.09 per Sq. Ft.
- Vancouver: $8.75 per Sq. Ft.

**Retail**

- Tacoma: $0.00 per Sq. Ft.
- Bellevue: $114.23 per Sq. Ft.
- Kent: $47.35 per Sq. Ft.
- Olympia: $35.84 per Sq. Ft.
- Renton: $226.97 per Sq. Ft.
- Spokane: $2.26 per Sq. Ft.
- Vancouver: $3.86 per Sq. Ft.

**Industrial**

- Tacoma: $0.10 per Sq. Ft.
- Bellevue: $114.23 per Sq. Ft.
- Kent: $23.04 per Sq. Ft.
- Olympia: $9.61 per Sq. Ft.
- Renton: $16.33 per Sq. Ft.
- Spokane: $2.02 per Sq. Ft.
- Vancouver: $8.56 per Sq. Ft.

Sources: City of Tacoma, 2021; City of Bellevue, 2021; City of Kent, 2021; City of Olympia, 2021; City of Renton, 2021; City of Spokane, 2921; 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: