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
• 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

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

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

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

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

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.
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
### Impact Fee Eligibility

<table>
<thead>
<tr>
<th>Impact Fee Eligibility</th>
<th>Transit ($MM)</th>
<th>Ped/Bike ($MM)</th>
<th>Motorized ($MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>$4,500,000</td>
<td>$200,037,558</td>
<td>$677,090,061</td>
</tr>
<tr>
<td>Maybe</td>
<td>–</td>
<td>$269,879,179</td>
<td>$72,644,841</td>
</tr>
<tr>
<td>Yes</td>
<td>$48,375,000</td>
<td>$125,142,633</td>
<td>$226,211,543</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52,875,000</strong></td>
<td><strong>$595,059,369</strong></td>
<td><strong>$975,946,445</strong></td>
</tr>
</tbody>
</table>
PROGRAM CONSIDERATIONS

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

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Single-Family Rate</th>
<th>ADU Rate</th>
<th>% Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Puyallup</td>
<td>$4,500</td>
<td>$900</td>
<td>80%</td>
</tr>
<tr>
<td>City of Tumwater</td>
<td>$3,919</td>
<td>$2,453</td>
<td>37%</td>
</tr>
<tr>
<td>City of Lacey</td>
<td>$1,650</td>
<td>$0</td>
<td>100%</td>
</tr>
<tr>
<td>City of Olympia</td>
<td>$3,662</td>
<td>$1,036</td>
<td>72%</td>
</tr>
<tr>
<td>Pierce County</td>
<td>$4,859</td>
<td>$2,479</td>
<td>49%</td>
</tr>
<tr>
<td>Thurston County</td>
<td>$3,050*</td>
<td>$1,525</td>
<td>50%</td>
</tr>
</tbody>
</table>
NEXT STEPS

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