

IMPACT FEE ASSESSMENT & WORKPLAN

April 28, 2015

Background

- Seattle is one of the fastest growing cities in the country.
- As Seattle grows, the city will need to make additional capital investments to support its new growth.
- Impact fees are a common tool used by many local jurisdictions to help finance capital improvements necessitated by new development and growth.

Impact Fee Requirements

Under Washington State Law:

- Impact fees can fund public capital facilities for transportation, park, school, and fire facilities
- Funded projects must be necessitated by new development and reasonably benefit the new development
- City must identify the means by which any existing deficiencies will be eliminated within a reasonable period of time
- Impact fees can be assessed at city-wide, district, or neighborhood scale

How Seattle Fund Capital Projects Today

- SEPA is only existing tool for mitigating impact fee eligible impacts
 - ▣ Currently used only for transportation improvements
 - ▣ Outside of Major Institutions and SLU Transportation Mitigation Payments program, revenue is small
- Most improvements are funded through Levies, General Fund, REET, Grants, and Transportation Benefit District

Policy Considerations

- Impact fees can generate revenue proportional to the amount of development occurring in the City (assuming a proven nexus)
- Impact fees may initially increase costs to renters/tenants/buyer and eventually reduce land values
- Additional fees could effect cost competitiveness with other cities; however, use of impact fees is common throughout region
- Affordable housing can be exempted from GMA impact fees
- Annual impact fee revenue will vary with development cycle

Transportation

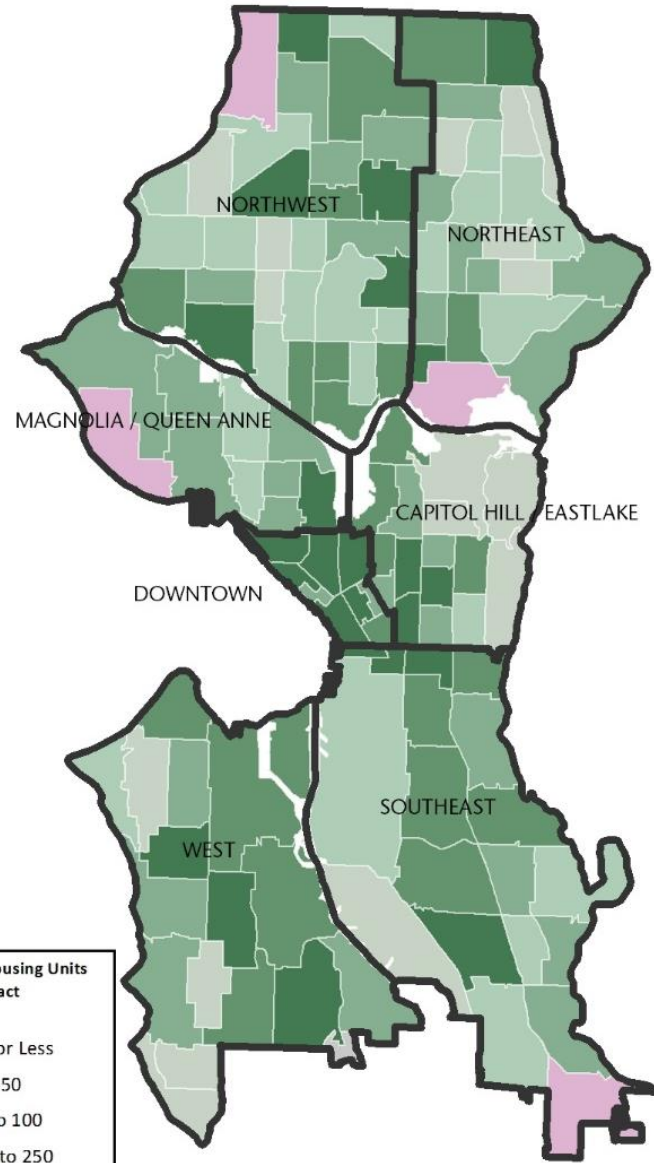
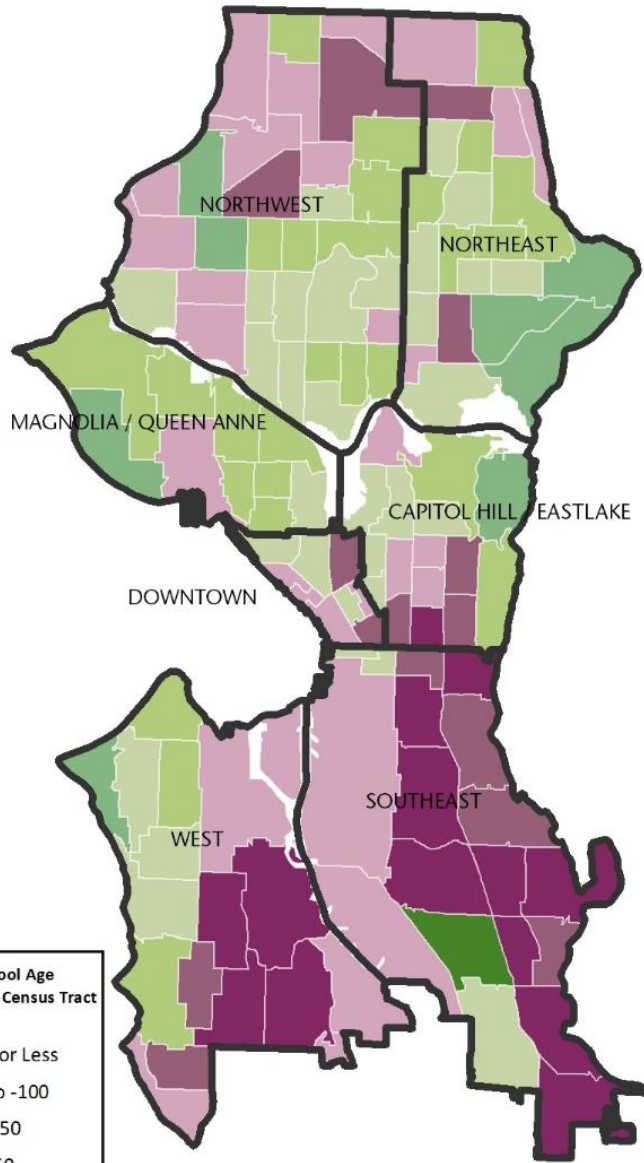
Existing Funding	<p>Levy (focused predominately on maintenance)</p> <p>General Fund</p> <p>REET</p> <p>Various State and Federal Grants</p> <p>Transportation Benefits District (focused primarily on transit hours)</p> <p>SEPA Mitigation</p>
Pros	<ul style="list-style-type: none"> • Clear connection between growth and additional need • Significant need and limited funding alternatives available
Cons	<ul style="list-style-type: none"> • Focus on streets and roads is a challenge • Complicated to develop and maintain
Geography	City-wide need, but project list would need to be locally focused
Assessment	Recommend to proceed with work plan.

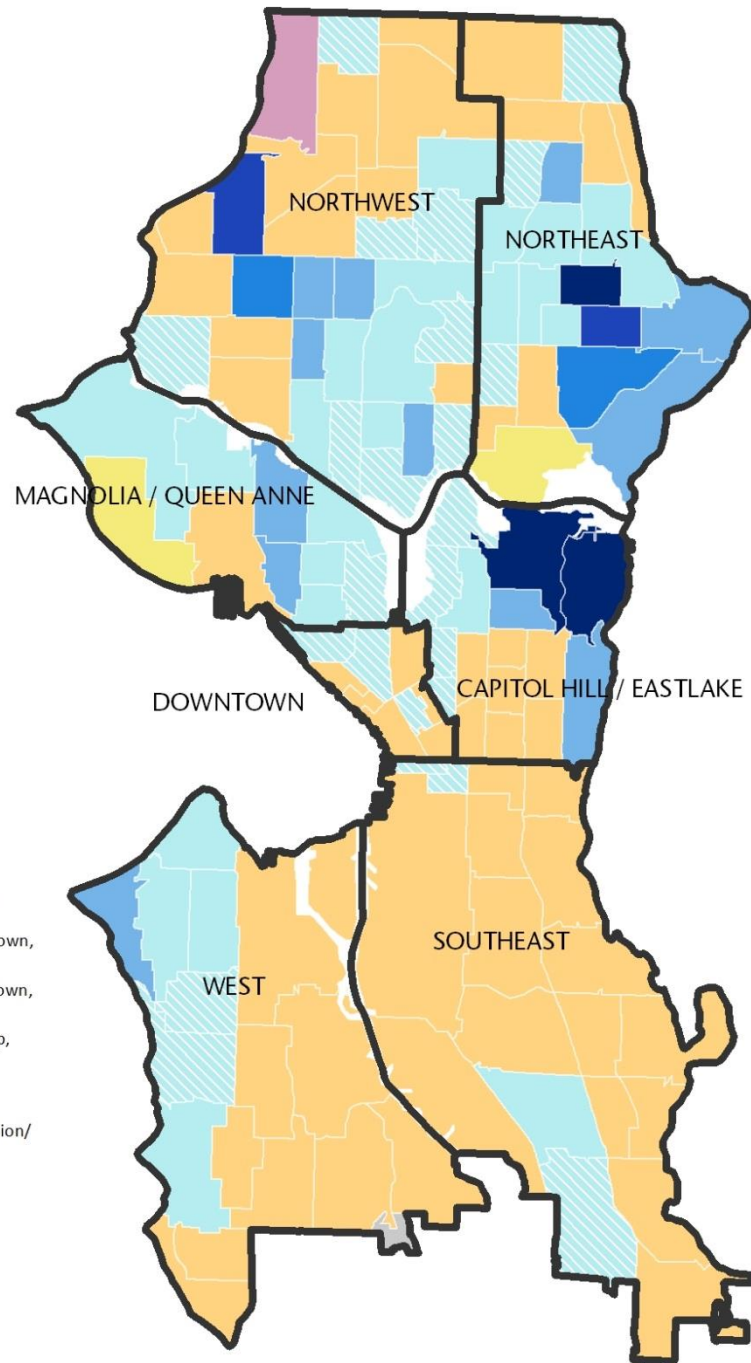
Parks

Existing Funding	<p>Parks District (programmed for 6 years, including small acquisition fund)</p> <p>General Fund</p> <p>REET</p> <p>County, State, and Federal Grants</p> <p>Donations</p> <p>Incentive Zoning (generates privately-owned public spaces)</p>
Pros	<ul style="list-style-type: none"> • Good alignment between areas of growth and areas of need
Cons	<ul style="list-style-type: none"> • Long-term cost of maintenance of new parks must be considered • Land cost is high in growth areas
Geography	<p>Might be most viable as a citywide program with district-wide project lists or could be limited to select urban villages</p>
Assessment	<p>Recommend to proceed with work plan.</p>

Schools

Funding	Levy State and Federal Funding
Pros	<ul style="list-style-type: none">• Could complement next levy to meet school needs.
Cons	<ul style="list-style-type: none">• Current data shows growth in student population is not well aligned with development• Primarily impacts renters who tend to have fewer children• May not be able to demonstrate need with existing levy in place
Geography	Determining geography will be challenging since current data shows areas of growing student population are not aligned with new development
Assessment	Given current analysis of growth patterns, impact fee may be minor source of funds compared to levy and may not be the right tool for addressing need. But to ensure potential is fully understood, recommend engage with Seattle Schools to discuss possibilities and refine analysis.





Change in School Age Population vs. Housing Units by Census Tract (2000-2010)

- Student Population Down, Housing Units Down
- Student Population Down, Housing Units Up
- Student Population Up, Housing Units Down

Student Population Up, Housing Units Up
(Ratio of New Student Population/ New Housing Units)

- 0.2 or Less
- 1 or Less
- 1 to 2
- 2 to 3
- 3 to 4
- 4 or More

Fire

Existing Funding	Levy (previous Fire Facilities levy expired; new Public Safety levy under consideration) General Fund (minimal funding for capital facilities)
Pros	<ul style="list-style-type: none">• Could complement future levy
Cons	<ul style="list-style-type: none">• Need of new stations or additional engines is minimal
Geography	South Lake Union is only area that has been identified as needing a new or expanded fire station
Assessment	Fire's needs are primarily operational and major maintenance, which cannot be addressed through an impact fee. Recommend NOT to proceed.

Potential Cumulative Impacts

- Impact fees in other cities tend to be in the following range of costs:
 - ▣ Transportation: \$1-5/sq ft
 - ▣ Parks: \$1-3/sq ft
 - ▣ Schools: \$2-4/sq ft (residential only)
 - ▣ Fire: \$0.2-0.8/sq ft
- Additionally, the City is considering linkage fees:
 - ▣ Affordable Housing: Council Recommendation of \$4-18/sq ft
 - ▣ Child Care: Nexus study suggests maximum of \$1-4/sq ft
- The total cost of new development tends to be \$300-400/sq ft. Consequently, the combined impact of implementing all these options could be a 3-9% increase in the cost of development.

CITY OF SEATTLE IMPACT FEE DEVELOPMENT TIMELINE

