

# What Are Transportation Impact Fees?

- **One time charges** paid by new development
- Authorized by the **1990 GMA** as a funding source for transportation improvements
- Funds improvements that **add capacity** to the transportation network
- Transportation impact fees can only be used to fund facilities that serve new growth, **not for existing deficiencies**

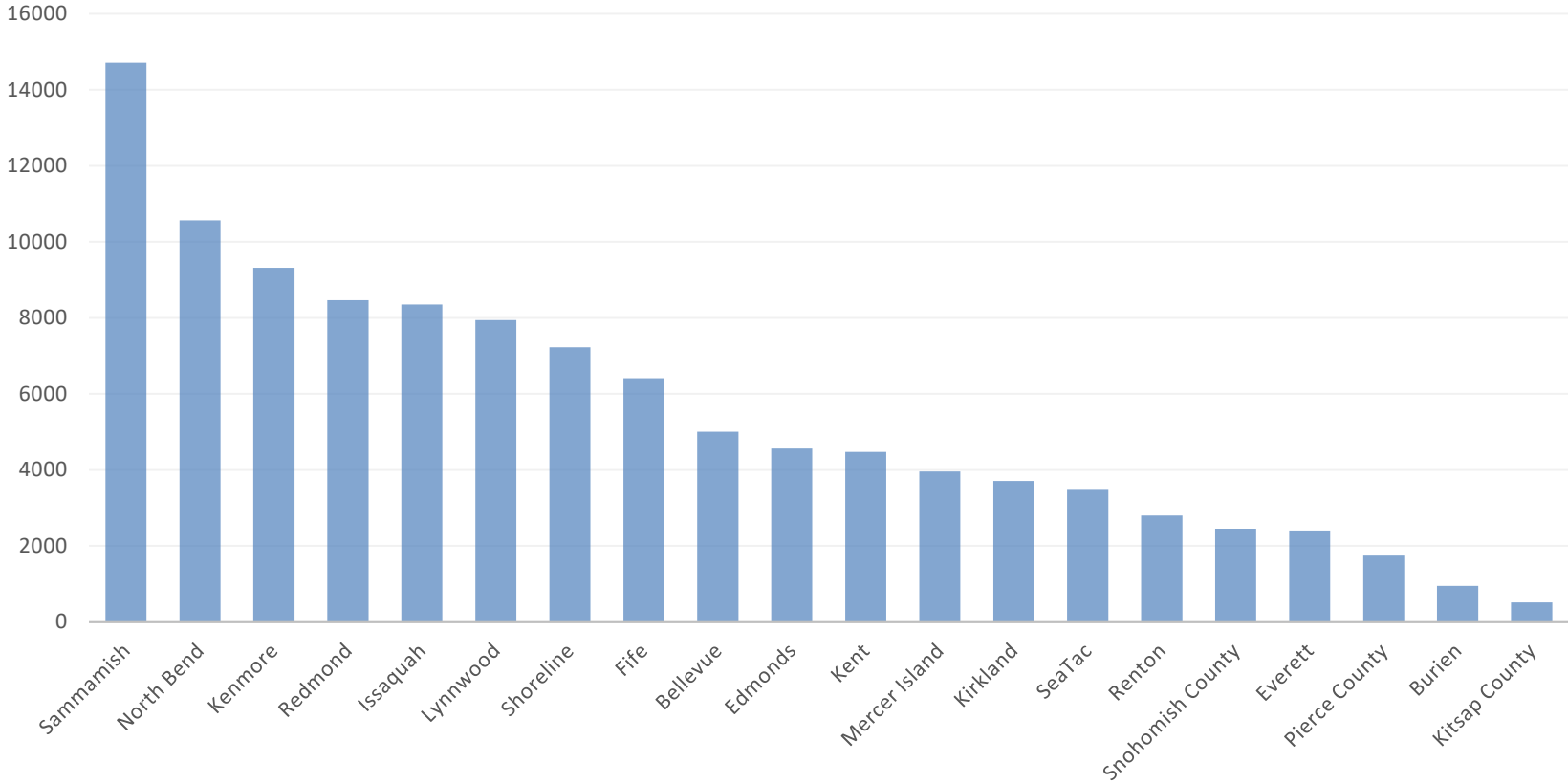


# What Are Transportation Impact Fees?

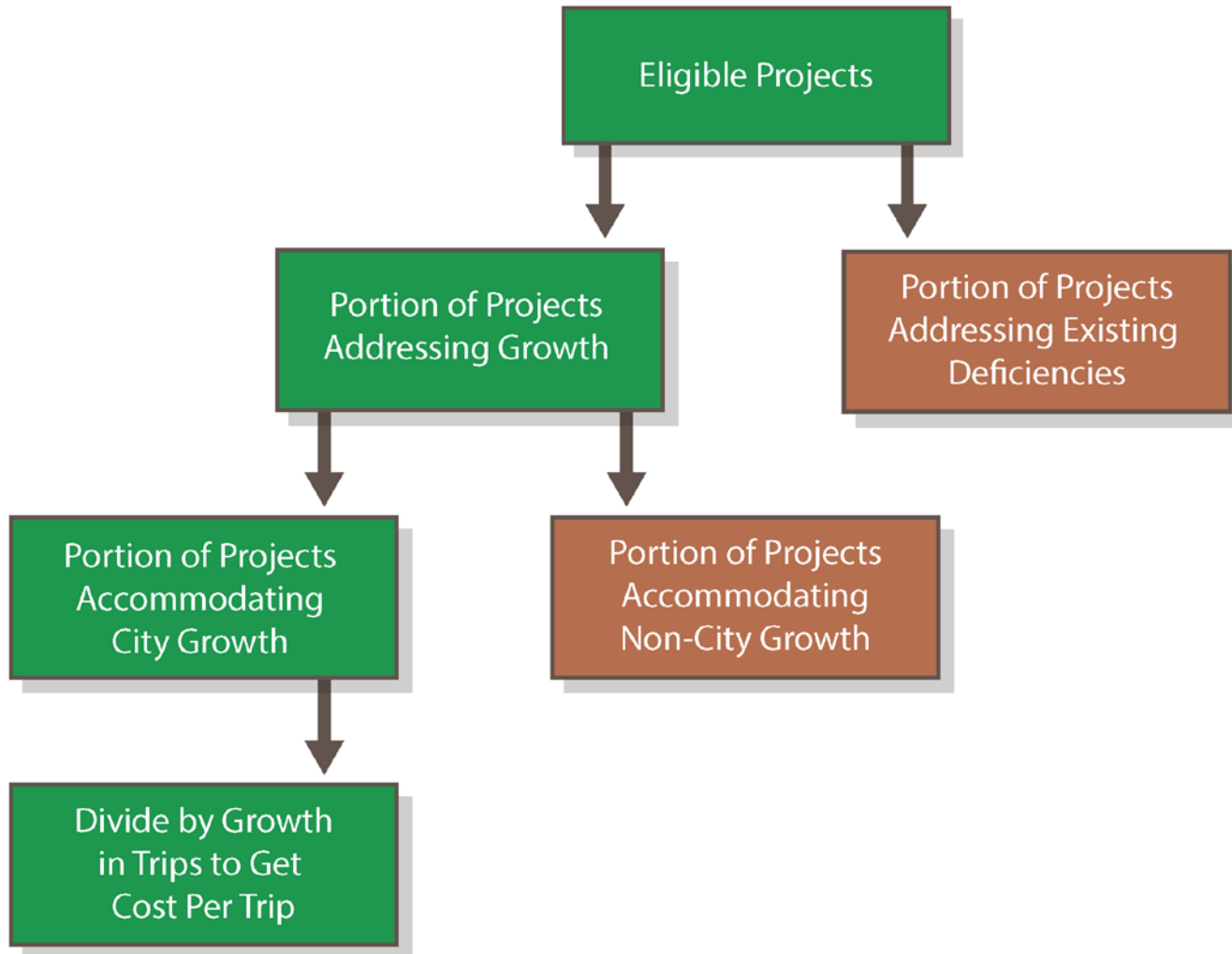
- Must be used **within 10 years** on **public streets and roads**
- Projects must be in the **capital facilities element** of a comprehensive plan
- Some communities have begun funding more **multimodal projects** with transportation impact fees
- **Alternative to SEPA mitigation** for 'system improvements'



# Most urban jurisdictions have them, but rates vary widely



# Cost Allocation Methodology



# Shifting our focus to Seattle...



# Eligible Projects

Sources:

- Bicycle Master Plan
- Freight Master Plan
- Pedestrian Master Plan
- Move Seattle Plan
- Capital Improvement Program

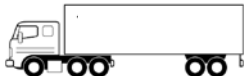
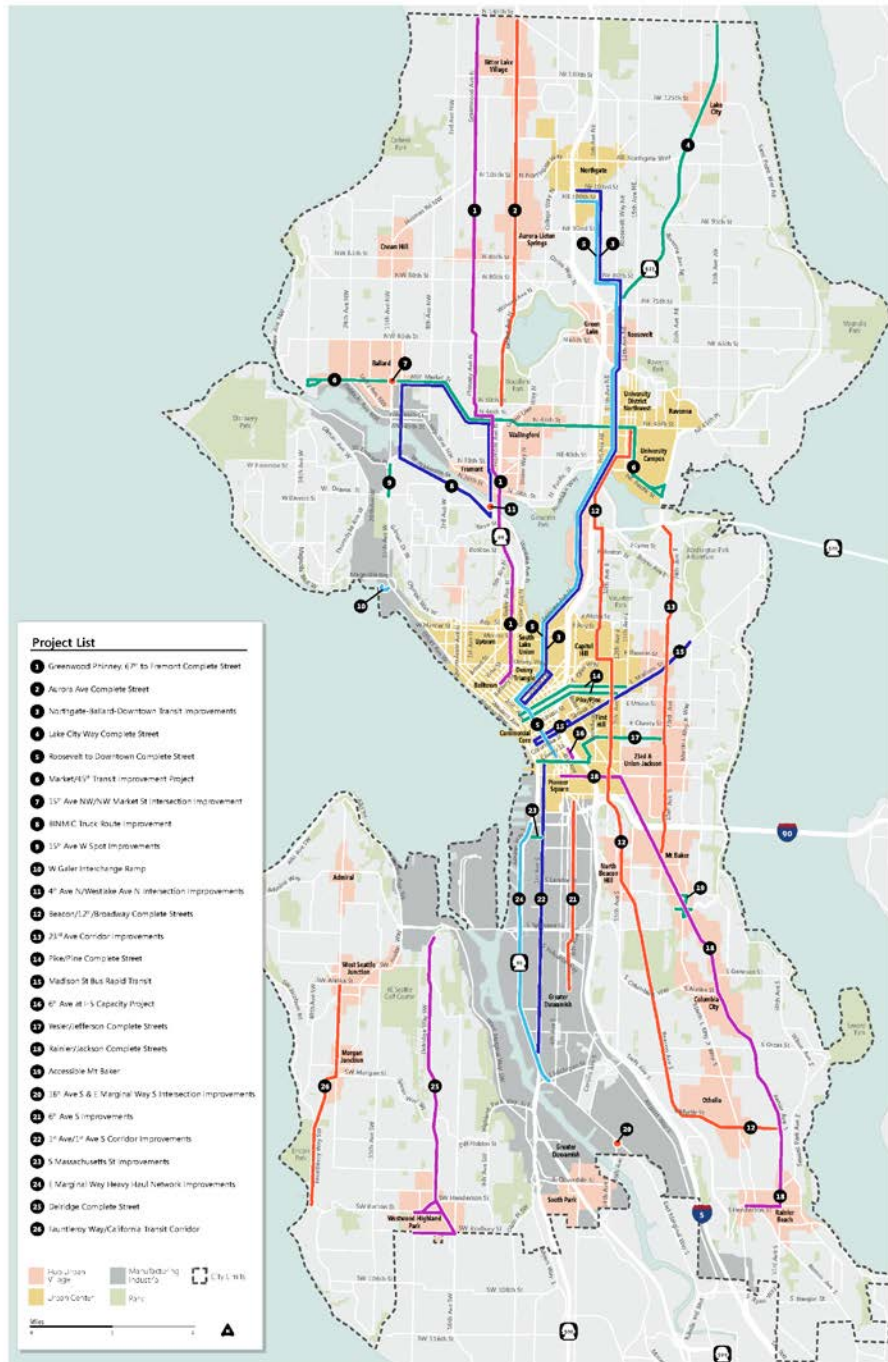
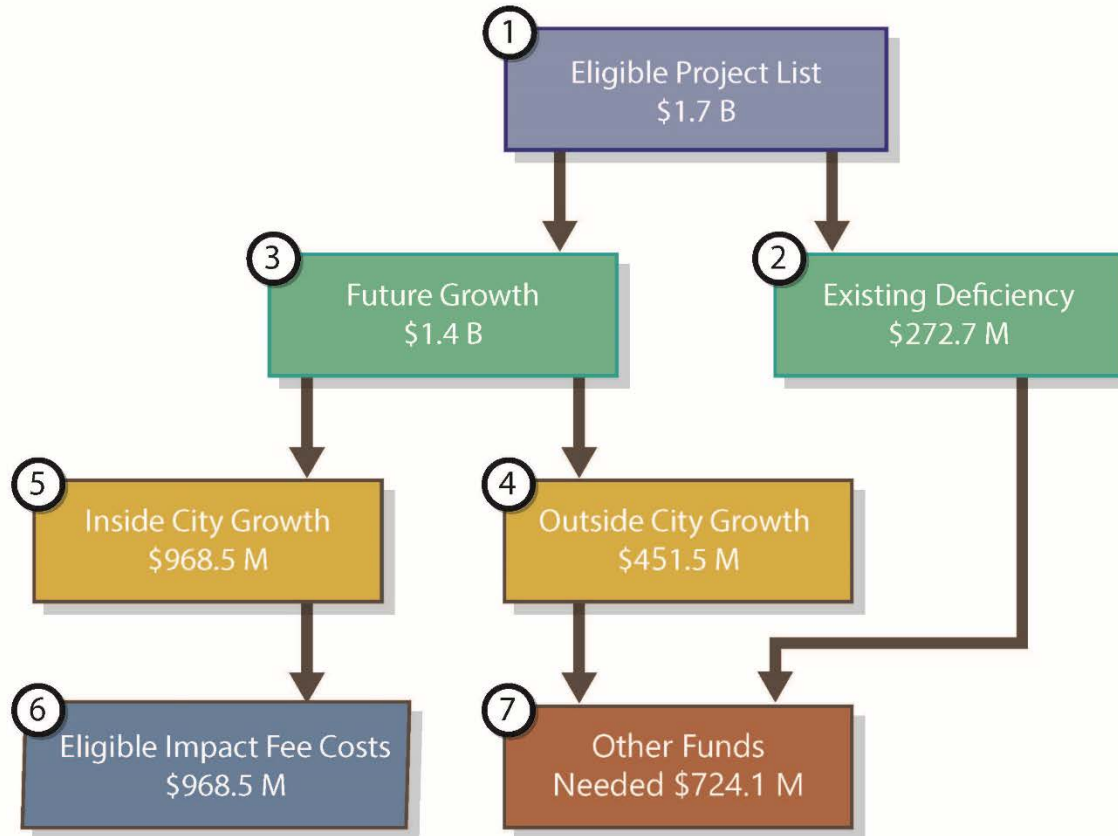


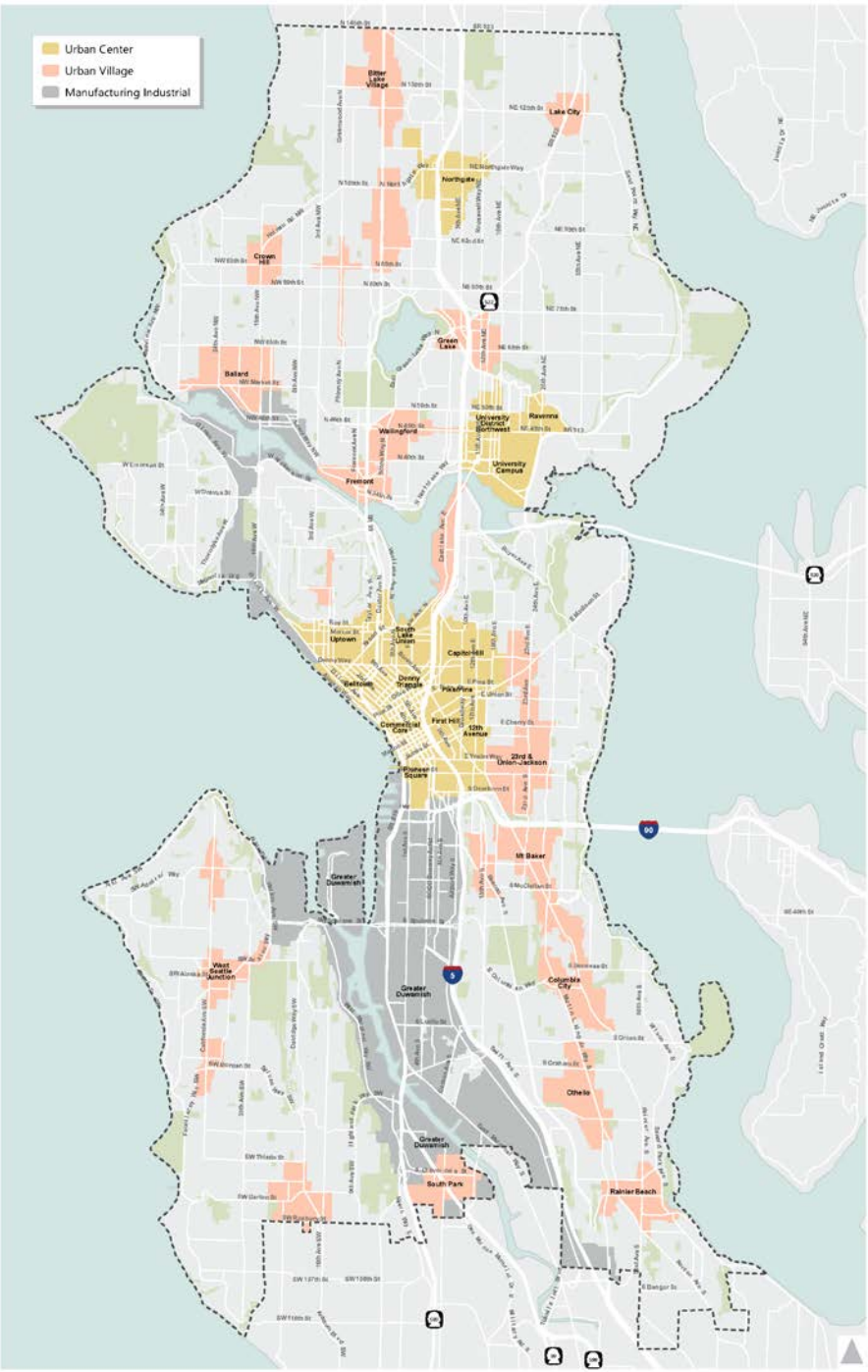
Figure 2. Proposed Projects



# Cost Allocation Methodology



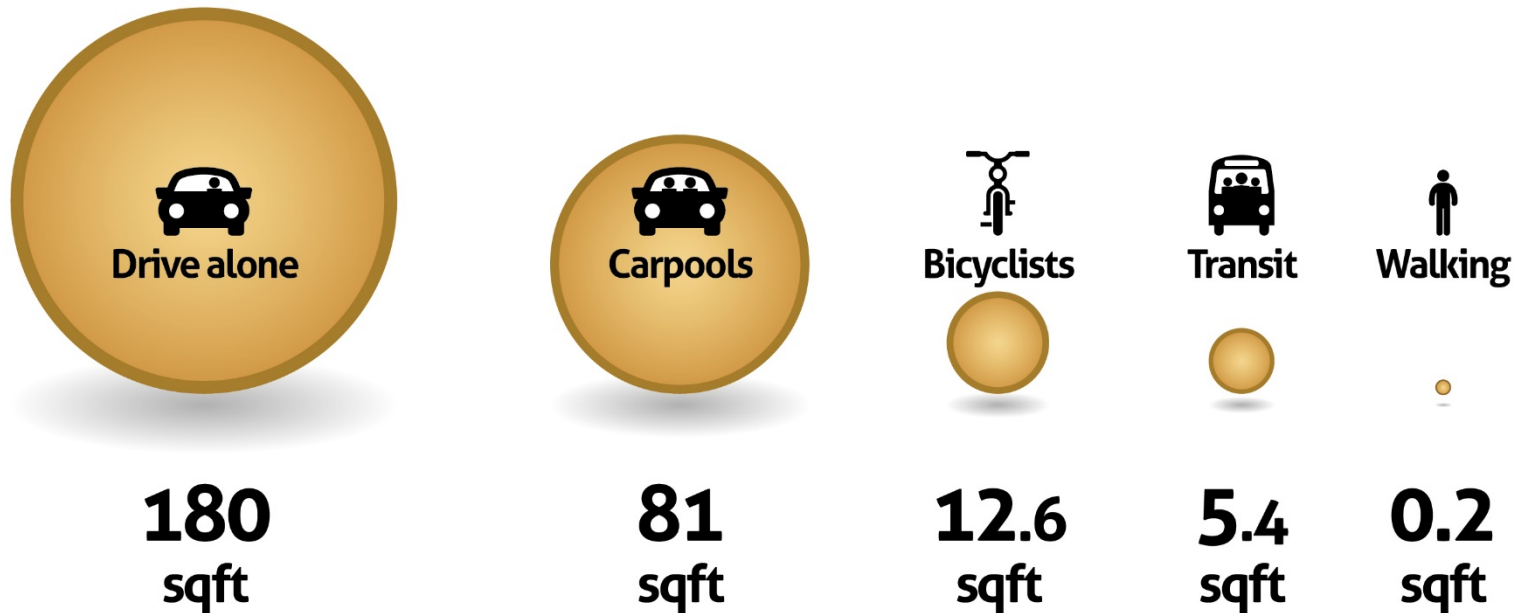
- Fees could vary by area of the city in recognition of how transportation impacts are different
- Urban Centers, Urban Villages, and areas nearby rail generate fewer auto trips, given greater densities and transit availability





# Mode Share LOS

Relative footprint of a person trip by mode



# Developing the Fee Schedule

- Translates “cost per trip” to actual land uses
- Basis is PM peak hour person trip generation
- City council can define land uses
- Adjustments recommend for Urban Centers, Urban Villages, and areas near light rail to account for lower drive alone percentages

Land Use Group	ITE Code	ITE Land Use Category	PM Peak Vehicle Trip Rate*	Vehicle-to-Person Trip Ratio†	PM Peak Person Trip Rate	% New Trips*	New Person Trips per 1,000 sq ft	2014 ITE Trip Generation Center		2014 ITE Trip Generation Light Rail Station		Cost of Service**	Cost of Service
								Center	Light Rail Station	Center	Light Rail Station		
Industrial	110	Light Industrial	0.03	1.00	0.03	100%	0.03	1,000 sq ft	\$1.00	\$7.17	\$7.14	1,000 sq ft	
	140	Manufacturing	0.07		0.07	100%	0.07	1,000 sq ft	\$1.00	\$7.17	\$7.14	1,000 sq ft	
	150	Warehouse	0.10		0.10	100%	0.10	1,000 sq ft	\$1.00	\$7.17	\$7.14	1,000 sq ft	
Residential	210	Single-Family House	0.99		1.44	100%	1.44	dwelling	\$105.50	\$11.13339	\$16.34531	dwelling	
	220	Medium-Density Residential	0.50		0.81	100%	0.81	dwelling	\$102.43	\$10.66113	\$16.00000	dwelling	
	221	Medium-Density Residential (High Density)	0.44	1.45	0.64	100%	0.64	dwelling	\$4.73440	\$5.72130	\$7.00000	dwelling	
Multi-Use Center/Office	See Note 1	Recreational Center/Amusement	N/A		0.50	100%	0.50	dwelling	\$1,000.00	\$5,000.00	\$7,000.00	dwelling	
	231	1st Floor Office special: Mid-Rise Apts	0.36	1.45	0.52	100%	0.52	dwelling	\$1,000.00	\$5,000.00	\$5,000.00	dwelling	
	232	1st Floor Office special: Mid-Rise Apts	0.31		0.45	100%	0.45	dwelling	\$3,334.25	\$4.72054	\$5.11347	dwelling	
Retail	310	Hotel	0.05	1.45	0.07	100%	0.07	room	\$4,654.74	\$3,113.02	\$5,000.00	room	
	320	Motel	0.39	1.45	0.55	100%	0.55	room	\$4,000.00	\$1,000.00	\$2,700.00	room	
	400	Marina	0.21		0.24	100%	0.24	berth	\$1,000.00	\$2,700.00	\$2,000.00	berth	
Facilities	444	Movie Theater	0.59	1.25	0.74	100%	0.74	seat	\$14.40	\$1,100.00	\$1,200.00	seat	
	450*	Health/Fitness Club	3.45		4.31	100%	4.31	1,000 sq ft	\$32.00	\$45.46	\$40.00	1,000 sq ft	
	520	Public Elementary School	1.37	1.25	1.73	100%	1.73	1,000 sq ft	\$1.89	\$10.20	\$10.64	1,000 sq ft	
Office	130	Public High School	0.87	1.22	1.10	100%	1.10	1,000 sq ft	\$1.70	\$1.46	\$1.45	1,000 sq ft	
	550	University/College	1.17		1.43	100%	1.43	1,000 sq ft	\$10.50	\$10.24	1,000 sq ft		
	710	General Office	1.15		1.4	100%	1.4	1,000 sq ft	\$10.41	\$14.70	\$15.27	1,000 sq ft	
Retail/Service	715	1-Tenant Office	1.71		2.10	100%	2.10	1,000 sq ft	\$15.40	\$11.20	\$2.74	1,000 sq ft	
	720	Medical/Health Office	2.40		4.22	100%	4.22	1,000 sq ft	\$11.32	\$44.50	\$40.04	1,000 sq ft	
	820	Shopping Center	3.01		4.74	95%	3.54	1,000 sq ft	\$13.32	\$23.14	\$15.77	1,000 sq ft	
Restaurants/Dining	850	Supermarket	2.24	1.25	11.55	64%	7.39	1,000 sq ft	\$54.64	\$71.23	\$64.12	1,000 sq ft	
	874	Convenience market/Drug	43.11		61.36	62%	30.09	1,000 sq ft	\$21.117	\$11.10	\$40.32	1,000 sq ft	
	912	Drive-In Bank	20.45		25.56	63%	16.02	1,000 sq ft	\$12.320	\$17.54	\$109.00	1,000 sq ft	
Auto Retail/Service	912	Restaurant sit-down	2.77	1.25	12.21	57%	6.90	1,000 sq ft	\$11.65	\$7.30	\$70.22	1,000 sq ft	
	918	Fast-food, sit-down	22.07		40.04	52%	20.42	1,000 sq ft	\$11.40	\$11.20	\$2.37	1,000 sq ft	
	943	Auto Care Center	4.91		15.14	100%	15.14	1,000 sq ft	\$45.54	\$54.70	\$50.00	1,000 sq ft	
Auto Retail/Service	944	Gas station	14.03	1.25	17.54	100%	10.17	sum p	\$75,000.00	\$107.30391	\$113,750.22	sum p	
	945	Gas Station with convenience	13.90		17.49	64%	7.69	sum p	\$7,000.00	\$11.1500	\$17,500.21	sum p	

1. ITE Trip Generation 1998 Edition 4-6 PM Peak Hour Value & Trip Generation Rates for the Adjacent Street Traffic, based on 4-6 PM. The worksheet represents only the most common use in each area and is NOT an all-in-one.

2. The ratio of vehicle trips to person trips as extracted from the 2014 PRC Household Travel Survey.

3. Excludes pass-by trips; see "Trip Generation Handbook: An ITE Proposed Recommended Practice" (2014).

4. PM Peak Person Trip Rate multiplied by the % New Trips percentage.

5. Urban Village.

\*ITE Code 452 not in ITE 10th Ed Daily Rate. The Daily Rate for ITE Code 455 for a Recreational Community Center, which is similar, was used instead.

Notes:

1. City of Benton trip rates.

# Transportation Capital Funding Review

**Presentation to the Seattle City Council  
Sustainability and Transportation Committee**

**August 6, 2019**



# Questions

---

- How do Seattle and other jurisdictions fund their transportation capital improvements?
- How do these funding strategies impact cost burdens to households at different income levels?
- How does cost burden differ in jurisdictions that emphasize impact fees as a revenue stream?

# Approach: Capital Funding

- Review capital improvement programs (CIPs) for Seattle and comparison jurisdictions to:
  - Identify transportation capital revenue sources
  - Identify funded transportation expenses

## Common Revenue Sources

### General fund taxes

- Property
- Sales
- Business and occupation

### Federal and state grants

### REET I and II

### Transportation impact fees

### Debt and bond proceeds

### Levies or other local funds

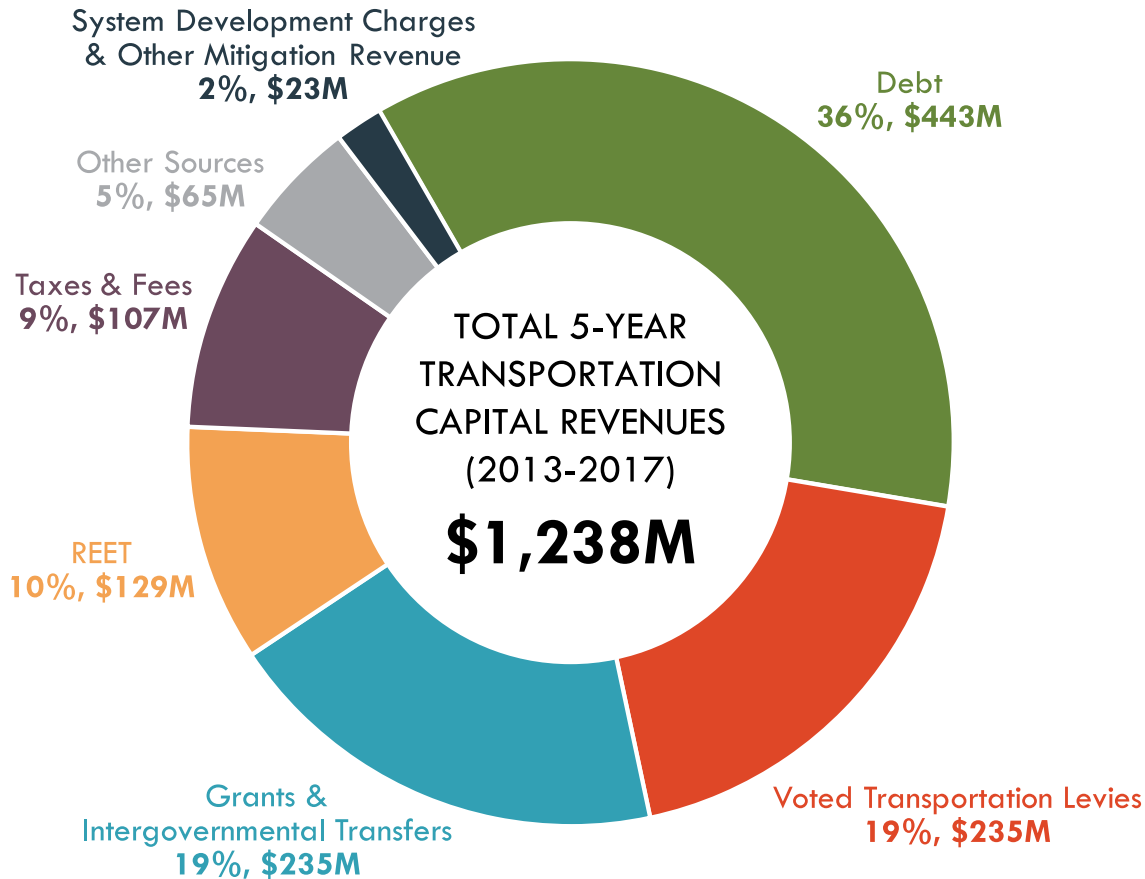
### Transportation Benefit District

- Vehicle Licensing Fees
- Sales Tax

### Gas tax

# I. Transportation Capital Funding in Seattle and Comparison Jurisdictions

# Seattle Transportation Capital Revenues



**Voted transportation levies:** *Move Seattle*

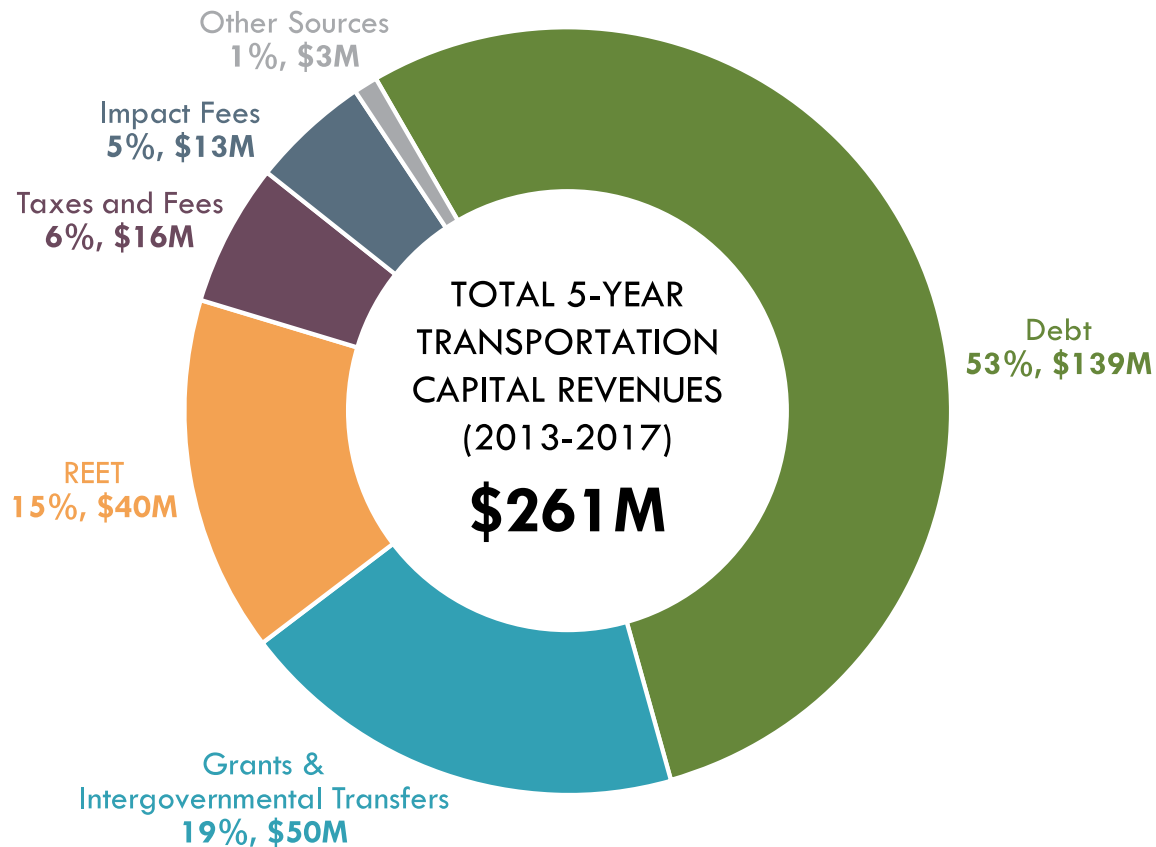
**Grants/Intergovernmental transfers:** *Federal, State, County, Sound Transit*

**REET:** *Real Estate Excise Tax I and II*

**Taxes and Fees:** *User fees and camera ticket fees; drainage/wastewater fees*

**Transportation Benefit District:** *Vehicle Licensing Fees*

# Bellevue Transportation Capital Revenues



**Grants/Intergovernmental transfers:** Grants, State shared revenue, Interlocal contributions, Transfer from other City funds

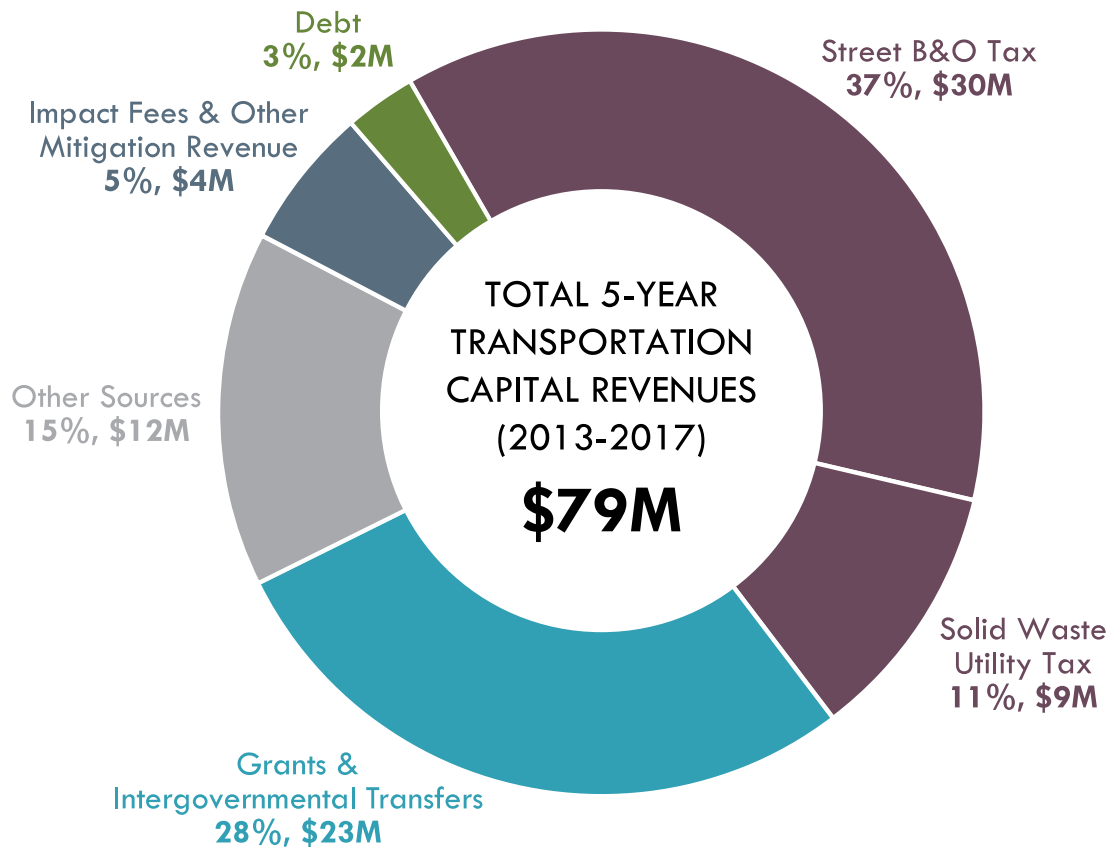
**Taxes and fees:** Property tax, Sales tax, B&O tax, Annexation sales tax

**Impact fees:** Transportation impact fees

**Other sources:** Rents/leases, Private contributions



# Kent Transportation Capital Revenues

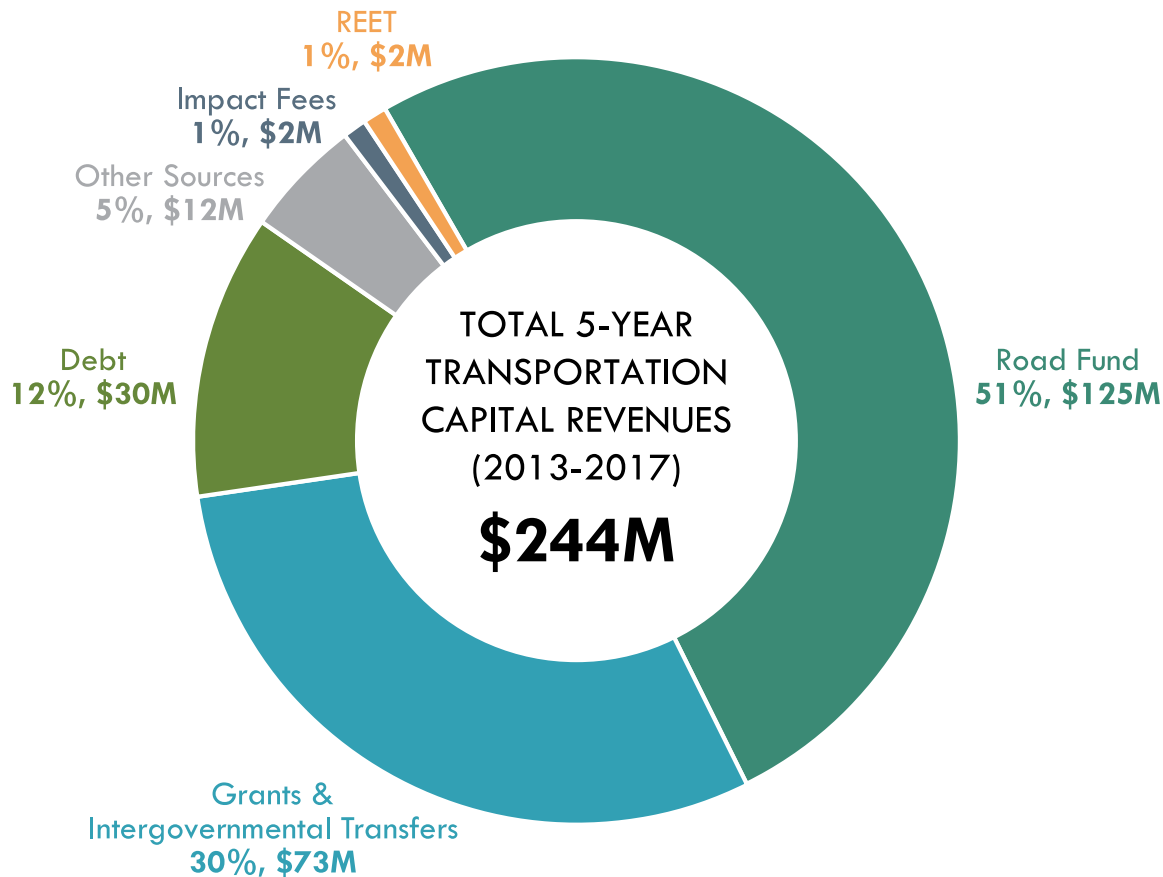


**Taxes and Fees:** *Street B&O tax, Solid waste utility tax*

**Impact Fees & Other Mitigation Revenue:** *Transportation impact fees, Mitigation funds*

**Other Sources:** *Misc. charges and investments, General Fund, Other Street Funds, Local Improvement District funds*

# King County Transportation Capital Revenues

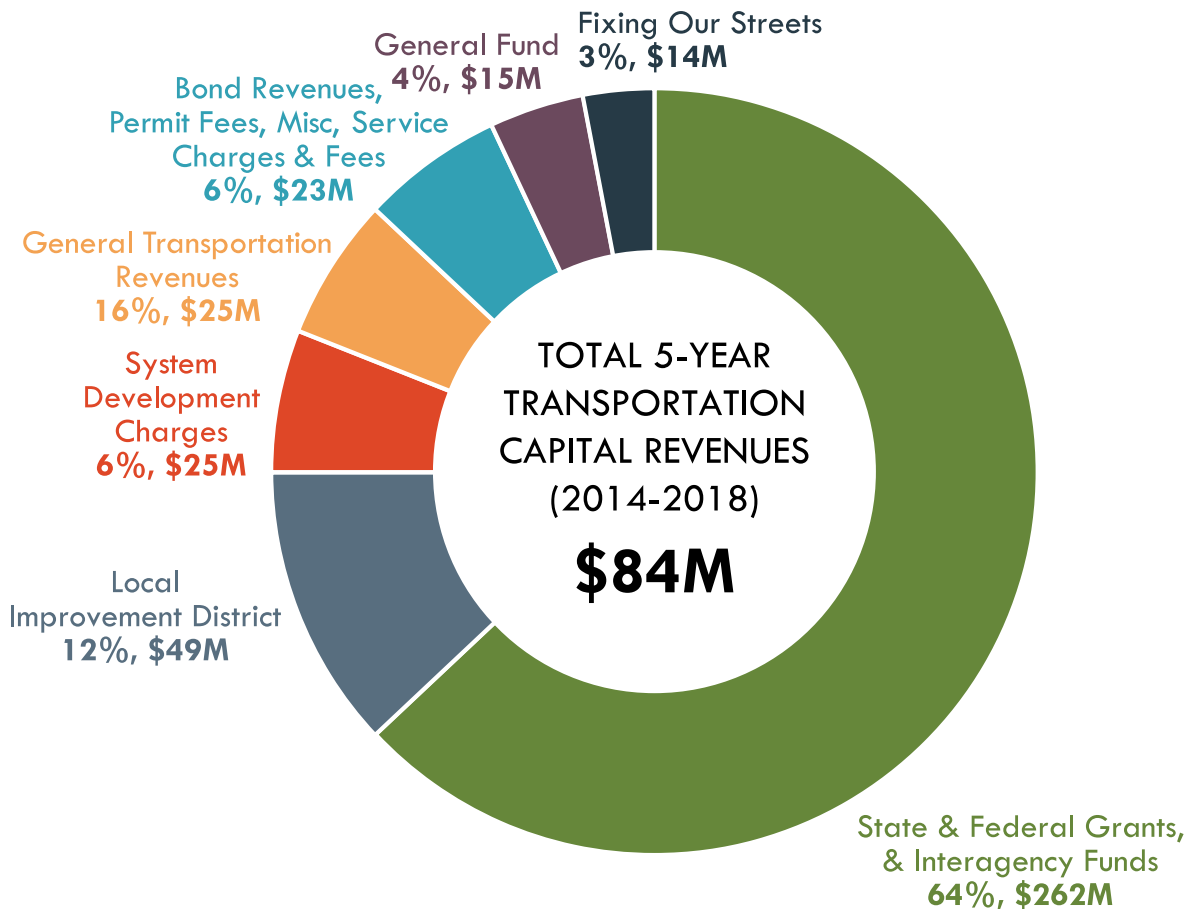


**Road Fund:** Property tax (unincorporated areas of King County), State gas tax (MVFT), General county contributions

**Transportation Impact Fee:** No longer used as of 2017

**Other sources:** Sale of land, Miscellaneous

# Portland Transportation Capital Revenues



**6% of revenue (\$25 Million)** comes from system development charges (similar to impact fees)

# Per Capita Transportation Capital Spending

	Average Annual transportation Capital Spending	Average Annual Population	Average Annual Per Capita Transportation Capital Spending
<b>Seattle</b>	\$261,006,180	666,000	\$392
<b>Bellevue</b>	\$52,136,174	136,320	\$382
<b>Kent</b>	\$13,804,000	123,280	\$112
<b>Unincorporated King County</b>	\$48,736,514	250,282	\$195
<b>Portland*</b>	\$83,526,414	629,966	\$133

\* Use caution when comparing results in Portland to Seattle since transportation capital projects are funded, organized, and reported differently in Oregon.

Sources: OFM, 2018; City of Seattle, 2018; City of Bellevue, 2018; City of Kent, 2018; City of Tacoma, 2018; King County, 2018; City of Portland, 2014-2018; BERK, 2018.

## II. Transportation Capital Cost Burden Analysis

# Approach: Define Household Types

---

- **Upper middle-income homeowner household**
  - Income: 150% of Area Median Income (AMI)
  - Owner of median price single family home (based on jurisdiction)
  - Owns two cars
- **Moderate-income renter household**
  - Income: 80% of AMI
  - Rents typical apartment in a newer building, built year 2000 or after
  - Owns one car
- **Low-income renter household**
  - Income: 50% of AMI
  - Rents typical apartment in an older building, built prior to year 2000
  - Owns one car

# Identify Costs to Households

---

## Direct Costs

- *Ongoing or annual taxes and fees paid directly by households:*
  - ❑ **Property taxes\***
  - ❑ **Vehicle fees**
  - ❑ **Gas tax**
  - ❑ **Sales tax on household consumption**
- **\*For renters:** Assumes property taxes passed on in full on a per unit basis

## Potential Indirect Costs

- *Revenue from taxes or fees on development and real estate transactions:*
  - ❑ **Impact fees**
  - ❑ **REET**
- Can raise the cost of housing
- Potentially passed onto households through increased housing costs

# Revenues not considered in cost burden

---

- **Federal and state grants**

- Irregular and associated with state or federal taxes that are paid by all

- **MVET**

- Regional Transit Authority Motor Vehicle Excise Tax
- Applies to Sound Transit; revenues are not directed toward cities and counties

- **SEPA mitigation:**

- May impact housing costs but do not have a standard rate schedule

- **Sales tax on construction:**

- Another potential indirect cost - Not calculated

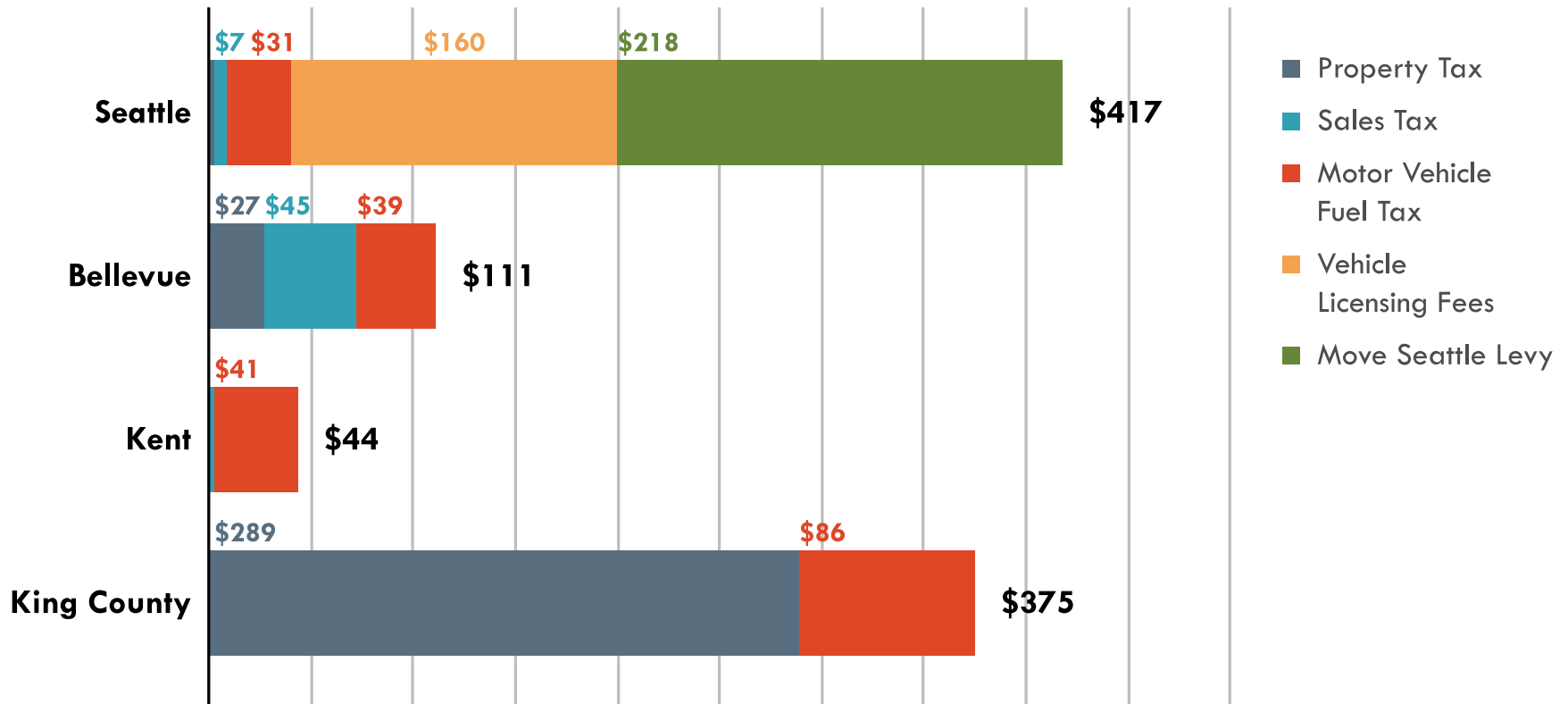
- **Some LTGO Debt**

- CIPs do not clearly indicate revenue sources for paying off debt. It is possible some of these debt payments are not accounted for.



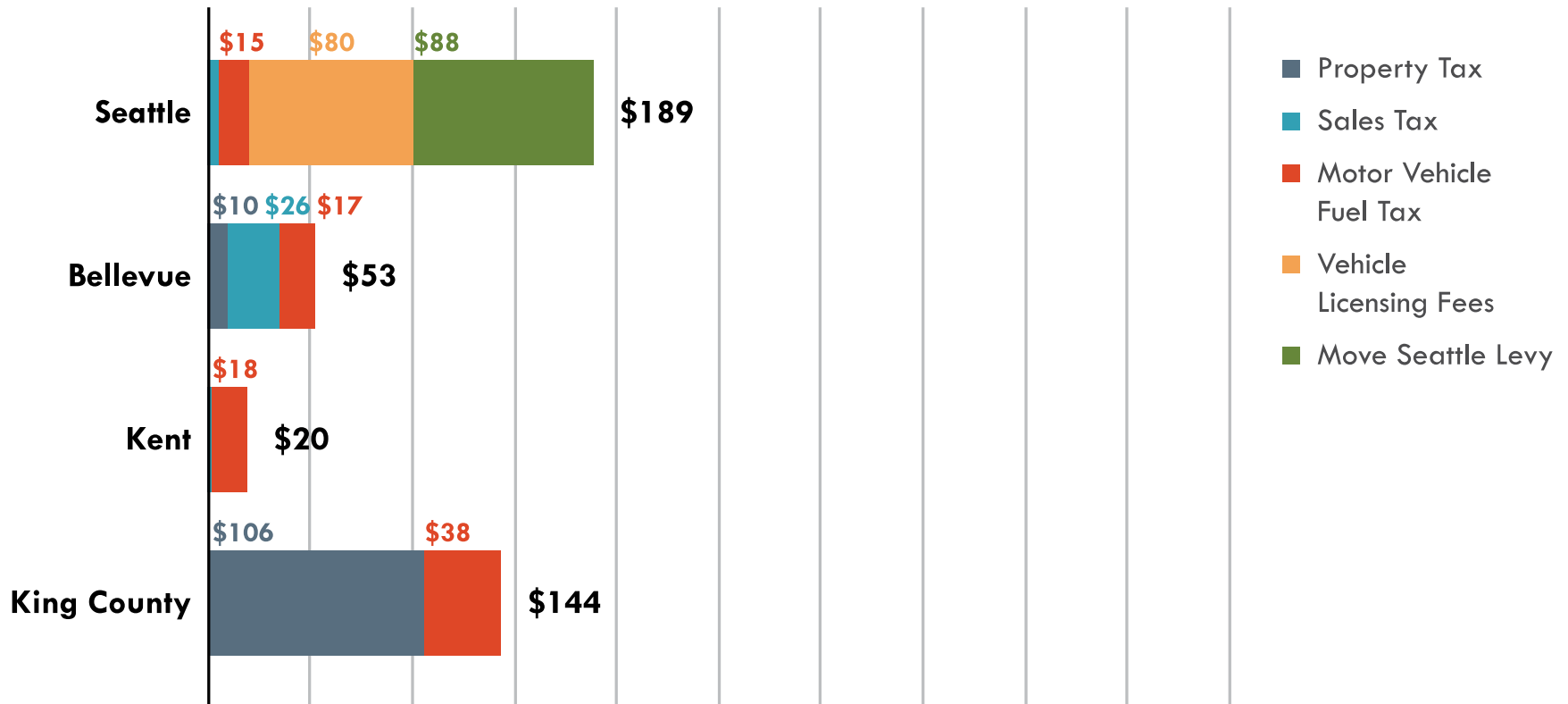
# Direct Cost Burden: Upper Middle-Income

## Upper Middle-Income Household Direct Cost Burden (2018)



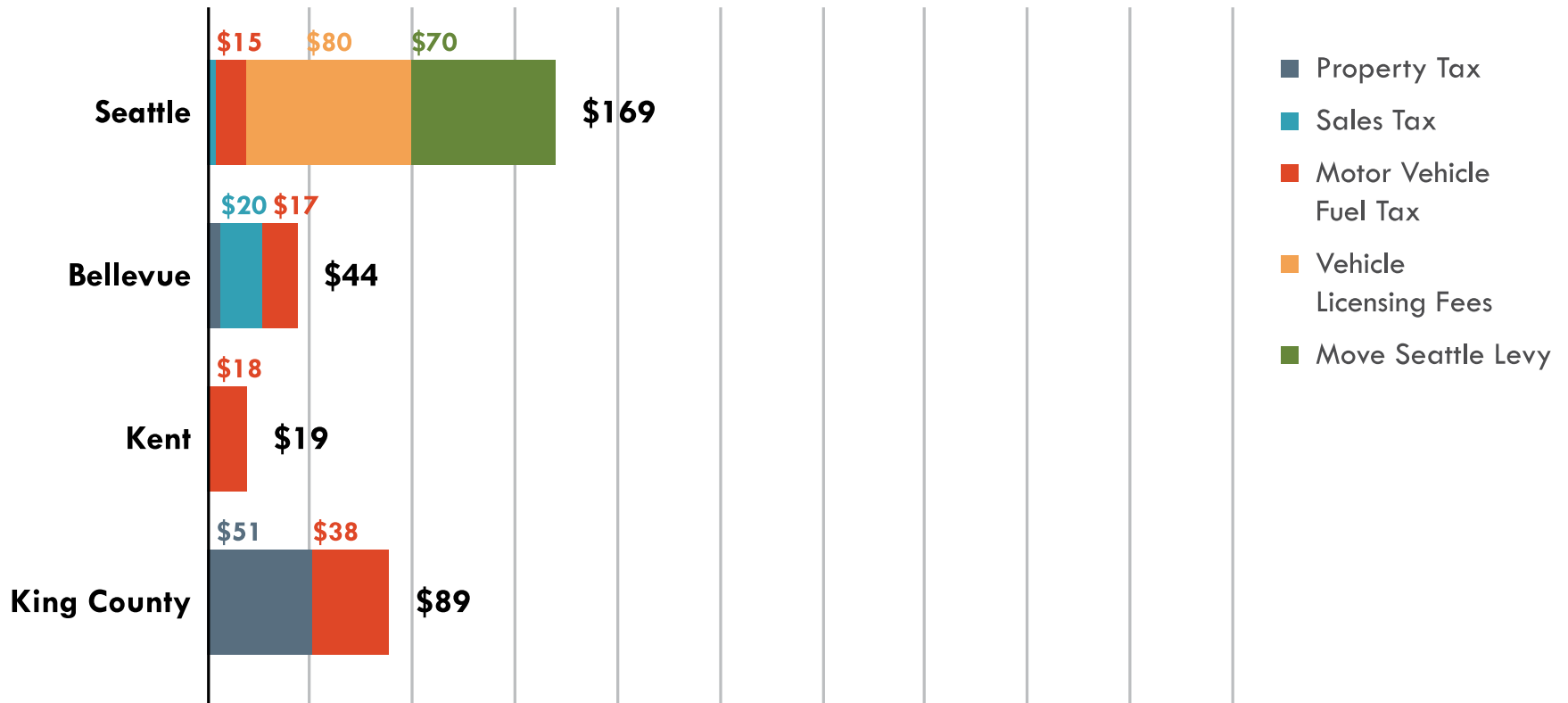
# Direct Cost Burden: Moderate-Income

## Moderate-Income Household Direct Cost Burden (2018)



# Direct Cost Burden: Low-Income

## Low-Income Household Direct Cost Burden (2018)



# Comparison: Direct Household Costs

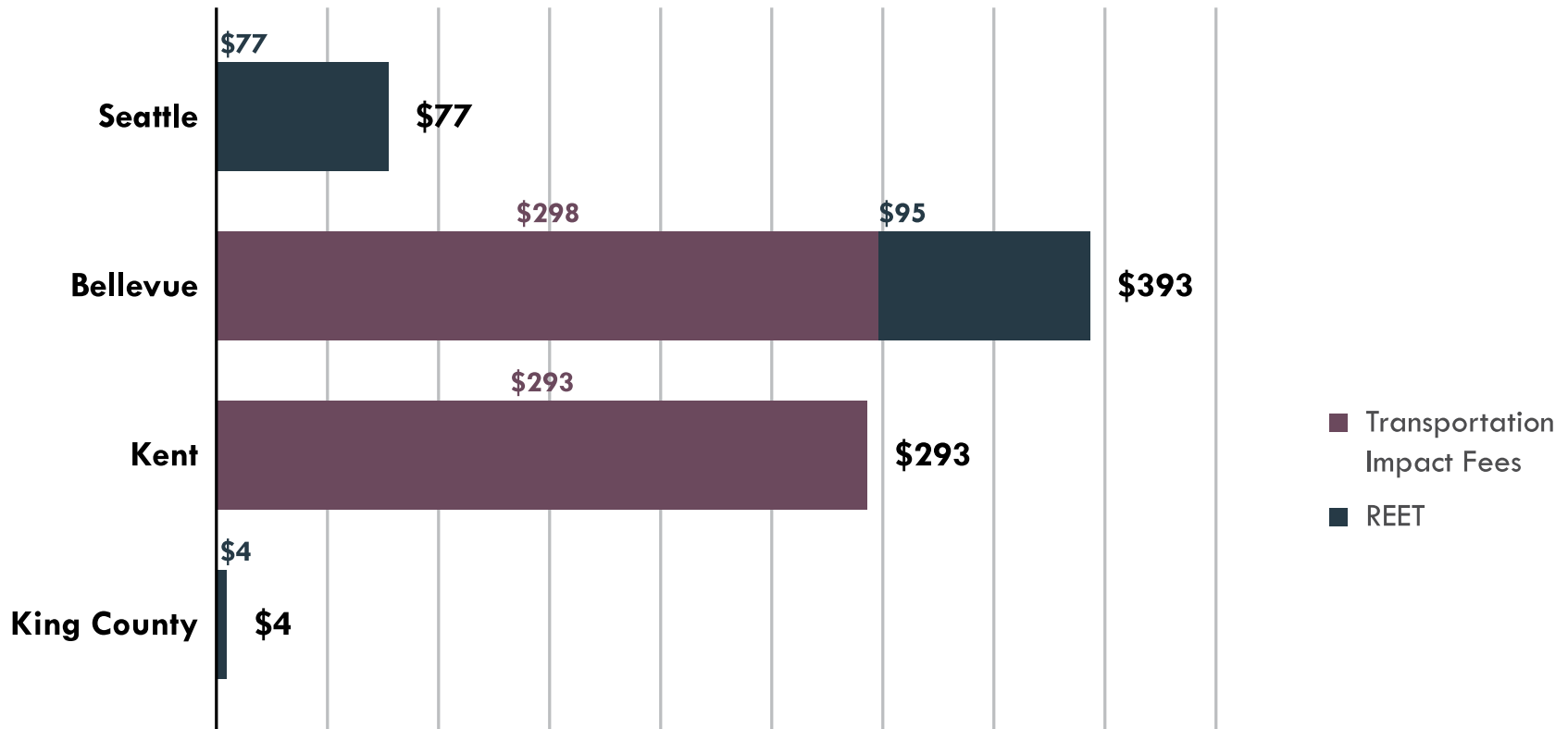
## Estimated Direct Annual Household Cost Burden for Transportation Capital Projects, 2018

	Upper Middle Income	Moderate Income	Low Income
Seattle	\$417	\$189	\$169
Bellevue	\$111	\$53	\$44
Kent	\$44	\$20	\$19
Unincorporated King County	\$375	\$144	\$89

Sources: OFM, 2018; City of Seattle, 2018; City of Bellevue, 2018; City of Kent, 2018; City of Tacoma, 2018; King County, 2018; BERK, 2018.

# Potential Indirect Costs: Upper-Middle Income (Owner)

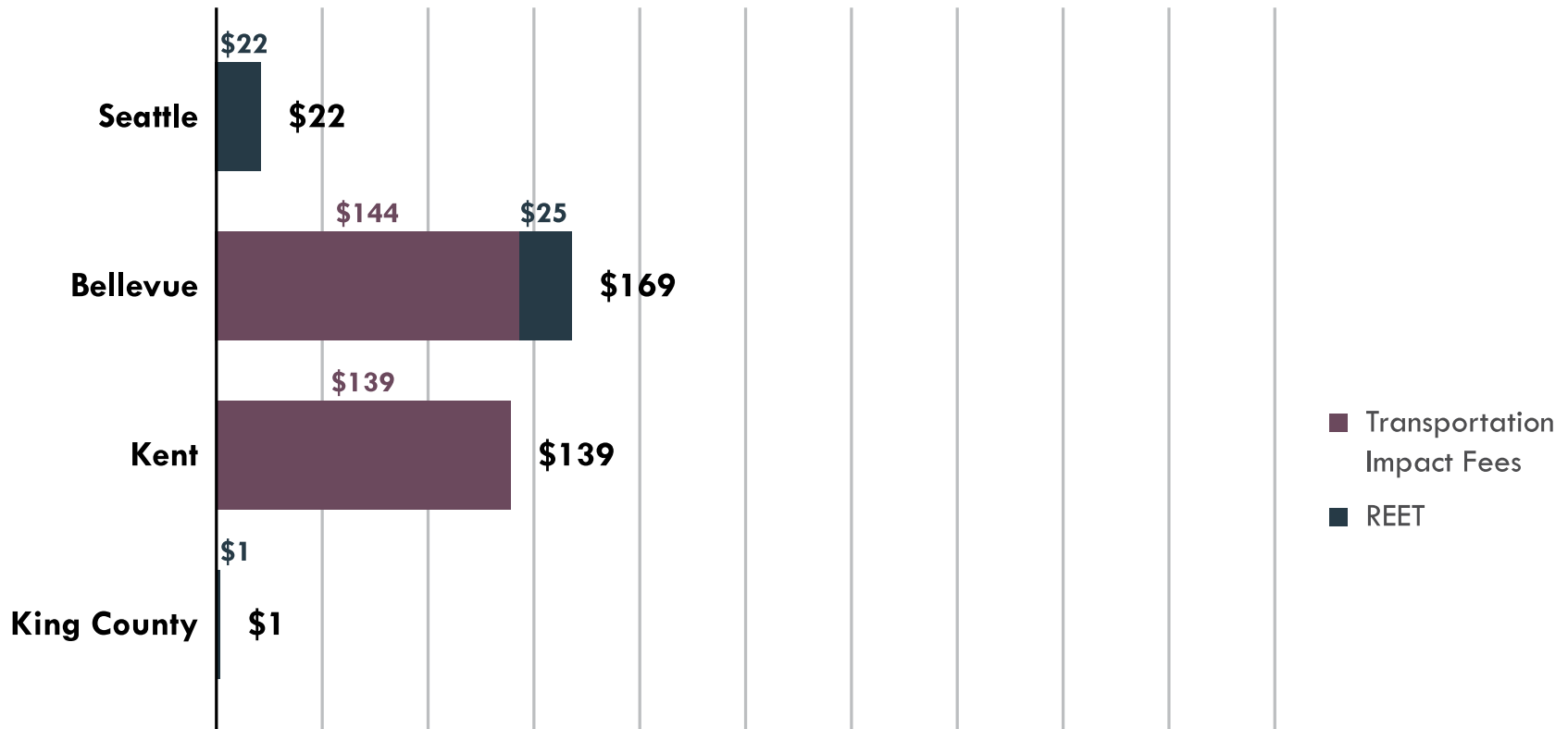
## Potential Indirect Costs to Upper Middle-Income Owner Households (2018)



# Potential Indirect Costs: Moderate-Income

(Renter)

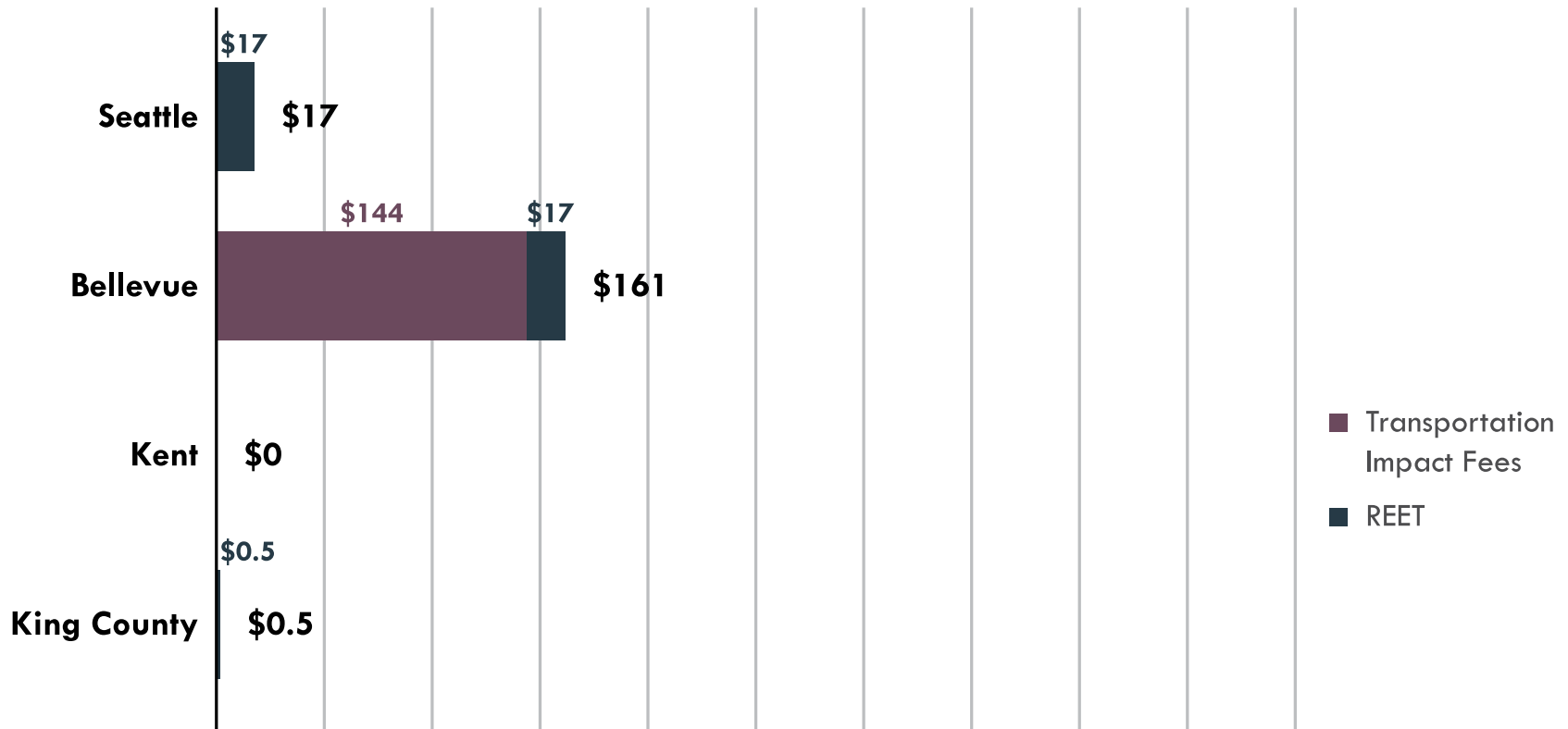
## Potential Indirect Costs to Moderate-Income Renter Households (2018)



# Potential Indirect Costs: Low-Income

(Renter)

## Potential Indirect Costs to Low-Income Renter Households (2018)



# Comparison: Potential Indirect Costs Only

## Estimated Potential Indirect Annual Household Cost Burden for Transportation Capital Projects, 2018

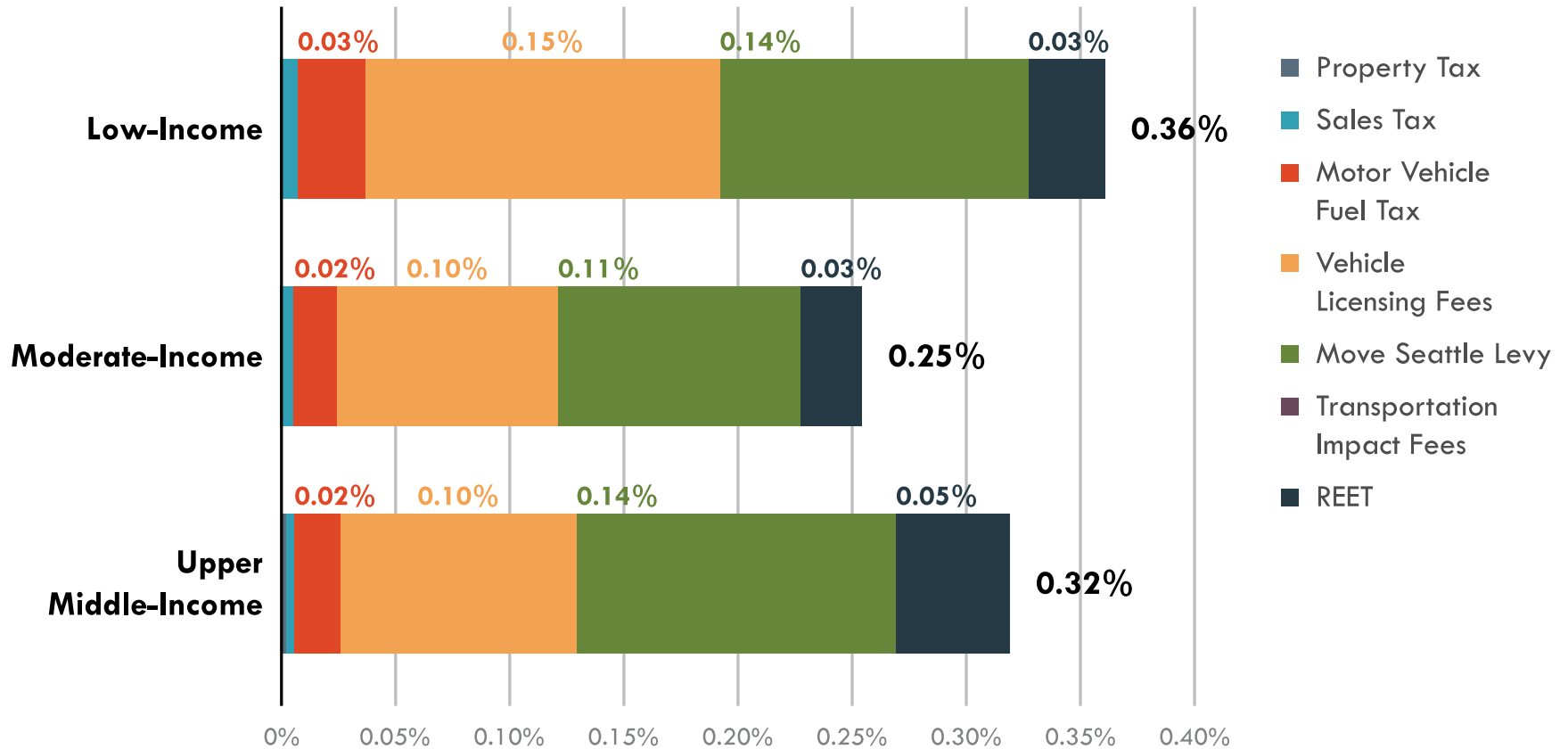
	Upper Middle Income	Moderate Income	Low Income
Seattle	\$77	\$22	\$17
Bellevue	\$393	\$169	\$161
Kent	\$293	\$139	\$0
Unincorporated King County	\$4	\$1	\$0.5

Sources: OFM, 2018; City of Seattle, 2018; City of Bellevue, 2018; City of Kent, 2018; City of Tacoma, 2018; King County, 2018; BERK, 2018.



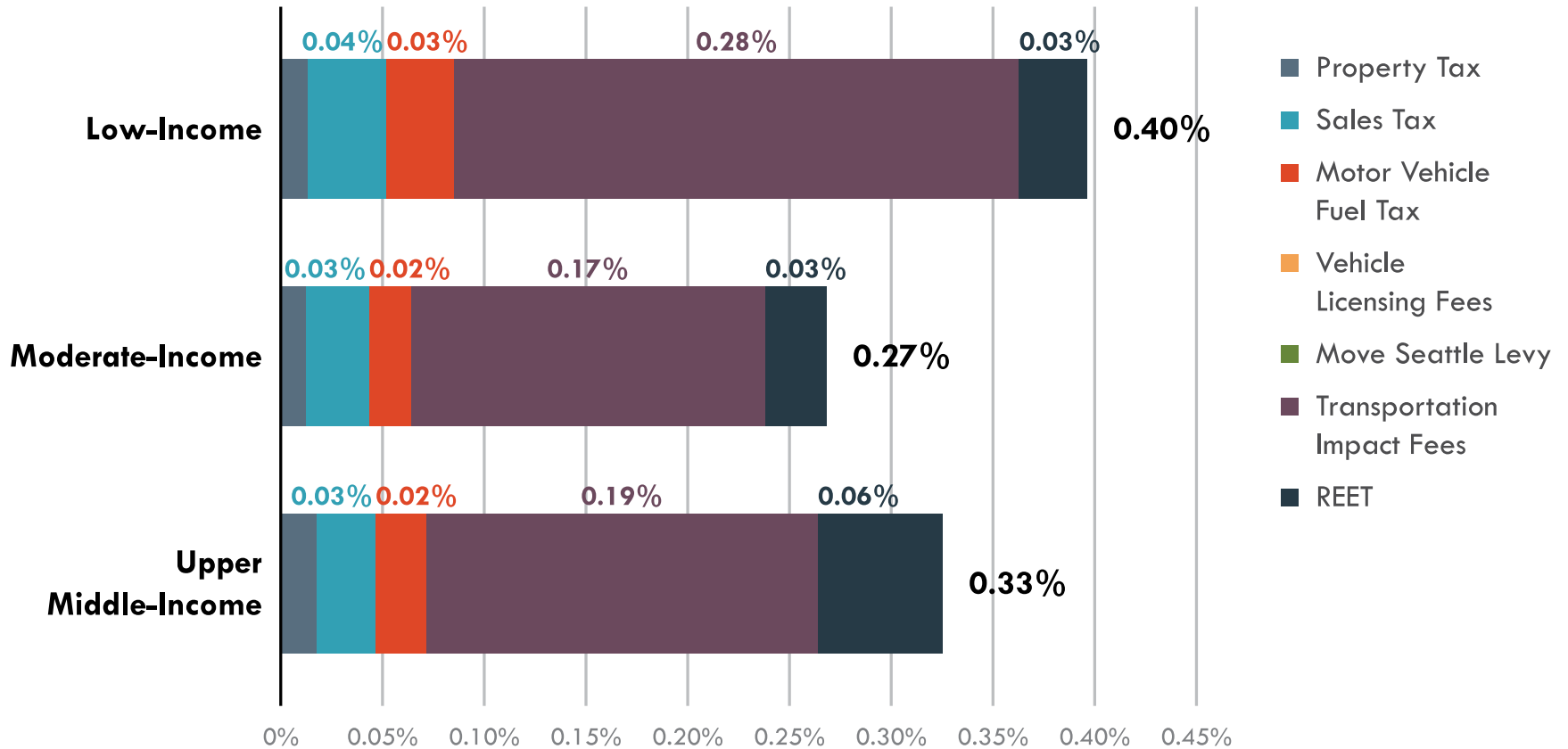
# Total Potential Cost Burden: Seattle

## Total Potential Cost Burden as % of Household Income by Household Type (2018)



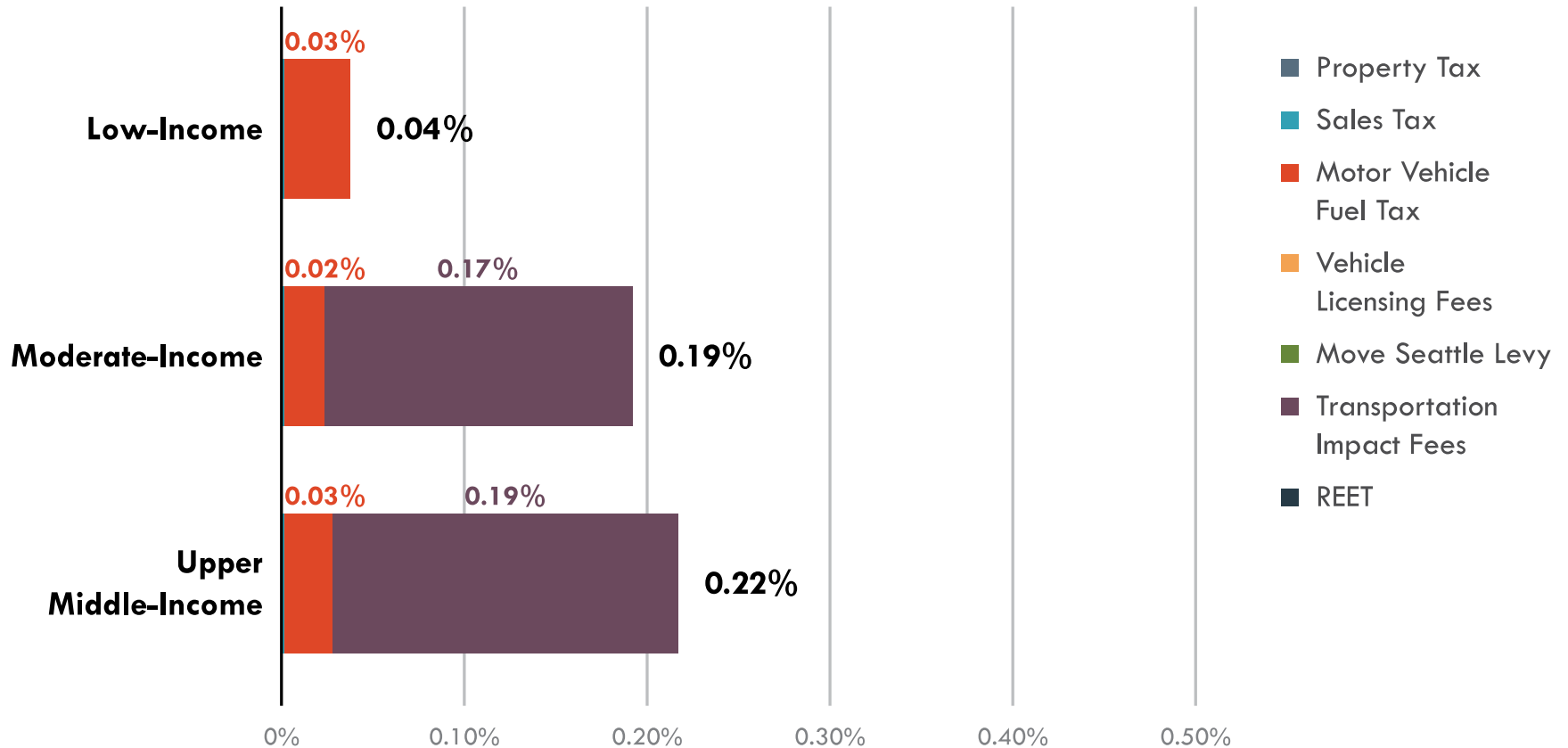
# Total Potential Cost Burden: Bellevue

Total Potential Cost Burden as % of Household Income by Household Type (2018)



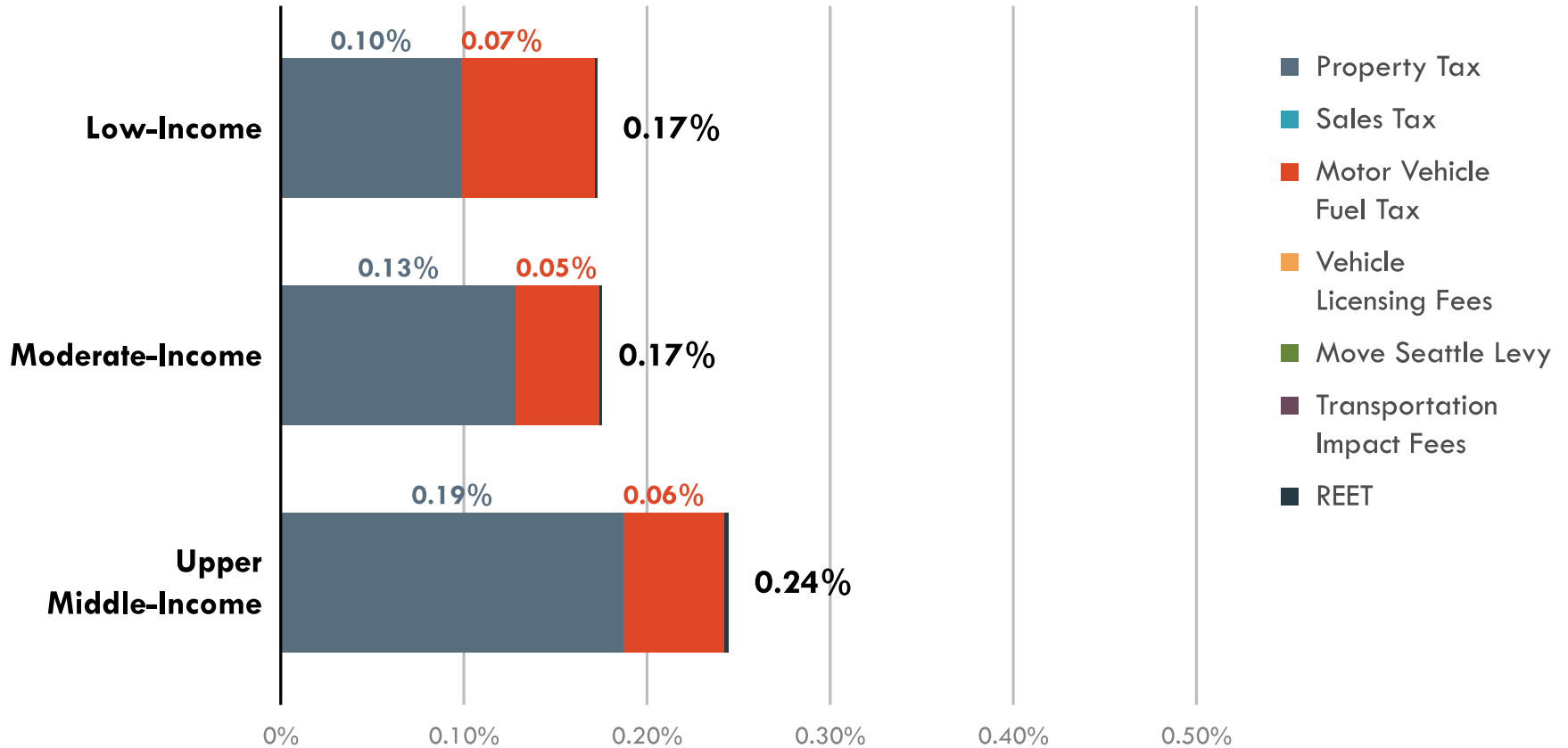
# Total Potential Cost Burden: Kent

Total Potential Cost Burden as % of Household Income by Household Type (2018)



# Total Potential Cost Burden: Uninc. King County

## Total Potential Cost Burden as % of Household Income by Household Type (2018)



# III. Findings

# Findings

---

- Seattle has **higher direct household cost burden** across all household types.
- Bellevue and Kent have **higher potential indirect costs**, due to reliance on impact fees and REET.
- **Total potential cost burden** for households in Seattle and Bellevue are similar.
  - However, not all households in Bellevue would bear the potential indirect costs of impact fees.

# Who could bear the cost of impact fees?

---

- Impact fees would increase the cost of new development in Seattle.
  - There is uncertainty regarding how these costs could affect housing production overall.
  - If housing production decreases as a result of impact fees, then all renters and homebuyers could see their costs rise due to increased competition.
- Housing developers could potentially pass on the costs of impact fees to renters or home purchasers, depending on market conditions.
  - Households renting or buying new housing would be more likely to see their costs rise.
  - Residents that rent or buy older housing would be less likely to see their costs rise.

# Transportation Impact Fee Implementation

## Three Steps:

### Step 1 - Comprehensive Plan Amendments

- Incorporate a list of projects eligible for impact fee expenditures into the Comprehensive Plan
  - SEPA threshold determination appealed to the City Hearing Examiner
  - Hearing Examiner decision on appeal expected by mid-August

### Step 2 – Fee Schedule and Program

- Policy and regulatory decision on a fee schedule, exemptions, and other procedural requirements

### Step 3 – Budget Amendments

- Amendments to the proposed 2020 budget to appropriate anticipated revenue and authorize expenditures



# Next Steps - Contingent on Hearing Examiner Decision

- August – September
  - Committee discussion and action on Comprehensive Plan amendment legislation and
  - Discussion and potential action on implementing regulations
- September - October
  - Discussion of potential amendments to the Mayor's proposed budget based on an impact fee program
- November
  - Potential Full Council action on Comprehensive Plan amendments, implementing regulations, and associated budget amendments