Traffic Impact Fees (TIF’s) 101

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WHERE DID TIF’S COME FROM?
The GMA Planning Cycle

Figure 3.2 – The planning cycle

- Periodic Review and Update
  - What will they cost and how will we pay for it?

- Multi-Year Financing Plan
  - What do we need to do to meet these expectations?

- Land Use Element
  - If we can’t afford it, what do we do?
  - How much Growth is Likely? Where should it go?

- Travel Forecast
  - How much demand will it generate?

- Level of Service
  - What service quality expectations can we meet for this level of demand?

- Facilities Needs and Implementation Programs
WHAT ARE OTHER CITIES CHARGING?
Range of 2013 TIF’s in Washington

Rate per PM Peak Trip (SFU)

- Low: $515, Kitsap County
- Median: $2,466
- Average: $2,880
- High*: $8,462, Redmond

Nearby Communities

- Poulsbo: $2,835**
- Gig Harbor: $2,202
- Pierce County: $1,742
- Kitsap County: $515
- Port Orchard: SEPA
- Bremerton: SEPA

*Sammamish, WA at $14,707 is excluded from this data
** $283.50 per Daily Trip X 10
Implications of using other agencies' rates as a benchmark

• Make sure that basing the City’s fee on an external benchmark will still meet City revenue needs
WHAT CAN TIF’S PAY FOR?
TIF’s can be Used to

• Reimburse costs for previously constructed projects that serve growth
• Pay for future projects that serve growth
TIF’s Cannot be Used to

• Pay for correction of existing deficiencies
TIF’s Pay For “Roads and Streets”

Easy to Include
- Right of Way
- Engineering
- Travel Lanes
- Traffic Signals
- Roundabouts
- Bridges
- Drainage
- Utility Relocations

More Challenging
- Turn Lanes
- Bike Lanes
- Sidewalks
- Illumination
- Utility Undergrounding
- Street Trees
- Irrigation Systems
TIF METHODOLOGY
Single Service Area or Multiple Zones?

Identify areas of the City that may have unique development and/or trip generation attributes that could benefit from a multiple-zone structure. If this is not the case a single-zone TIF can be utilized.

The City of Lynnwood adopted a two zone impact fee system for that recognized the differences between the commercial area of the City and the remaining built-out residential areas.
Adjustments for various land uses

- Fees can be adjusted (reduced) for pass-by trips, diverted trips, trip length, and mixed-use developments
Exemptions from TIFs?

• Land use that does not generate new traffic, or is in the public's interest, can be exempted from impact fees
  – But, the revenue must be replaced by other public sources
What kind of payment options are allowed?

• TIFs in Washington are currently being paid at the subdivision, building permit, certificate of occupancy or, in some cases, at closing.
Are TIF credits be allowed?

- Credits for previous site development
  - TIF applies to net new trips from a site
- GMA requires credits for
  - other payments
  - dedication of right-of-way
  - construction of improvements
Basic Impact Fee Calculation

Cost of Projects Needed to Support Growth
Divided by
Trips Generated by Growth
Equals
Traffic Impact Fee
Example 1

$10,000,000 in Projects
Divided by
5,000 new trips
Equals
$2,000 per Trip TIF
Example 2
(Reduce LOS and Project Costs)

$7,000,000 in Projects
Divided by
5,000 new trips
Equals
$1,400 per Trip TIF
Example 3
(Reduce Land Use to Maintain LOS)

$10,000,000 in Projects
Divided by
3,200 new trips
Equals
$3,125 per Trip
Example 4
(Increase Land Use and Maintain LOS)

$10,000,000 in Projects
Divided by
8,000 new trips
Equals
$1,250 per Trip
WRITING THE ORDINANCE
City must meet legal requirements for the TIF ordinance

- Early involvement of the City's attorney, or consider outside counsel that is familiar with impact fees
ADOPTION
Public Involvement

• Hold public presentations to discuss project concerns, developments, etc.
• Respond quickly and accurately to the public