



## BACKGROUND

Throughout the Downtown Strategy process, reference has been made to impact fees. This memo provides information about what these are, how they are calculated, and how Olympia’s fees compare to other cities’.

Impact fees are one-time charges assessed against new development projects to help pay a share of the public facilities needed to serve the new development. Washington cities planning under the Growth Management Act are authorized to collect impact fees to spend on roads, streets, parks, schools, and fire protection facilities (RCW 82.02.050). The City currently collects transportation, park, and school impact fees. Transportation fees are based on the land use type and the size of a project, and park and school fees apply only to residential development and are based on the housing type. The City charges school impact fees on behalf of the Olympia School District.

### ***What Improvements Can Impact Fees Fund?***

Transportation impact fees can pay for street and road “system improvements” needed to serve the community at large and that are reasonably related to the new development project. Improvements can include physical or operational changes to streets, as well as new street connections. Park impact fees must be used to pay for publicly owned parks, open space, and recreation facilities. School impact fees must be used for school facilities. All projects to be constructed with impact fees must be identified in advance in the Capital Facilities Plan (CFP), an element of the City’s Comprehensive Plan.

### ***How Are Impact Fees Collected?***

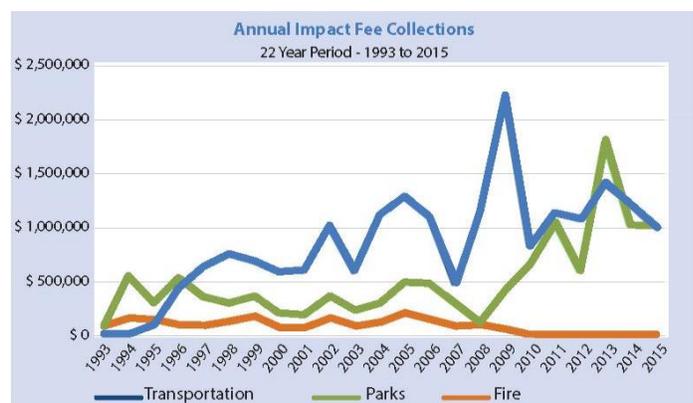
OMC Title 15 authorizes the City to collect impact fees and establishes how the City will calculate, assess, collect, and use the fees. Under Title 15, impact fees may be collected at the time a project is approved for construction or prior to final inspection upon agreement with the City. In some cases, fee payers may request credits, reductions, refunds, or exemptions. For example, reductions in transportation fees may be granted if a project includes measures to reduce employee commute trips.

### ***How Are Impact Fees Reviewed and Updated?***

As required by Olympia Municipal Code (OMC) Title 15, impact fees are reviewed annually and updated as needed. Individual studies are done to determine park, transportation, and school impact fees. Adjustments to fee amounts may be made to take into account increased costs of labor, construction, materials and real property. These reviews occur at the same time as the annual update to the Capital Facilities Plan (CFP).

### ***What is Collected Annually?***

Annual fee collections vary and depend on the amount and type of new development that occurs in any given year. Historic patterns and reasonable expectations for growth are used to help budget for anticipated annual revenue from impact fees.



Source: 2017-2022 Preliminary Capital Facilities Plan



## How do Olympia's Impact Fees Compare to Other Cities?

### Transportation Impact Fees

The table below highlights transportation impact fees for Olympia and several other Washington cities. However, how cities assess and collect impact fees can vary significantly, making it difficult to do a direct comparison. Fees are based on a calculation that takes into account traffic models and local travel patterns. Also, when reading the table below, note that cities define categories or units of measure differently, and some wait until a specific project is proposed before calculating applicable fees.

All but one of the cities listed below collect impact fees under authority provided by the Growth Management Act. However, Lacey collects traffic mitigation fees under the authority of the Local Transportation Act (RCW 39.92), a precursor to GMA-authorized impact fees. A transportation model determines the number and distribution of new vehicle trips for each project, and fees are assessed based on the project's anticipated direct impact on specific transportation project locations within the modeled distribution area.

## Transportation Impact Fees for Comparable Washington Cities

City*	Transportation Impact Fee					
	<i>Multi-Family** Residential (per dwelling unit)</i>		<i>Multi-Family** Residential—Downtown (per dwelling unit)</i>		<i>Commercial—Restaurant (per sq. ft. of gross floor area)***</i>	<i>Commercial—Downtown Restaurant (per sq. ft. of gross floor area)***</i>
<b>Auburn (pop. 67,340)</b>	\$2,815.34 (3 or more units)		\$2,280.42 (3 or more units)		\$17.50	\$12.95
<b>Bellingham (pop. 84,850)</b>	\$787.00 (3-10 floors; apartments)	\$1,170 (1-2 floors; apartments)	\$613.57 (3-10 floors; apartments)	\$912.49 (1-2 floors; apartments)	\$8.46	\$6.60
<b>Edmonds (pop. 40,900)</b>	\$776.56 (apartment)		\$776.56 (apartment)		\$4.70	\$4.70
<b>Everett (pop. 108,300)</b>	\$1,392.00 (5-plex or more)		\$1,392.00 (5-plex or more)		\$2,400.00 (per PM peak hour trip)	\$2,400.00 (per PM peak hour trip)
<b>Kirkland (pop. 84,680)</b>	\$2,855.00		\$2,855.00		\$17.17	\$17.17
<b>Lacey (pop. 47,540)</b>	Varies by project		Varies by project		Varies by project	Varies by project
<b>Olympia (pop. 51,600)</b>	\$2,227.00		\$913.00		\$19.78	\$3.85
<b>Redmond (pop. 60,560)</b>	\$3,992.06		\$3,261.22		\$33.10	\$27.04
<b>Tumwater (pop. 23,040)</b>	\$2,177.00 (apartment)		\$2,177.00 (apartment)		\$13.54	\$13.54

\*Population figures are estimates for 2015 from the Washington State Office of Financial Management.

\*\*Multi-family residential includes duplexes, townhomes, apartments and/or condominiums, *unless noted*.

\*\*\*Fees for commercial projects are based on the land use; those listed are for a "quality restaurant."



### Park Impact Fees

The City collects park impact fees for new residential development only. New development projects contribute to the City's cost to maintain today's park level of service standards as the population grows.

The fee is determined by the housing type, the average number of people who live in each housing type, and the number of new units being constructed. To calculate the fee for each housing type, a "unit cost" is determined that captures the amount of parks-related maintenance and improvements needed to serve one additional City resident at today's level of standard. The unit cost is then multiplied by the estimated average number of occupants per a unit of each housing type. For example, census data has shown that the average number of people who live in a single family home in Olympia is 2.50. Adjustments are made also to the formula to account for any duplicative taxes or fees that could result in a new development project being charged twice.

Providing a direct comparison of Park Impact Fees between cities is difficult. Different cities may have different desired level of service standards, forecasted population growth, and costs for maintaining and growing their park system. Consequently, every city's formula for determining their fee may differ.

The greatest influence on the City's current fees is continuing to strive to meet existing level of service standards as the population grows. For example, Olympia currently has approx. 650 acres of open space for every 1,000 residents. The city is forecasted to add another 12,250 residents by 2020. To maintain the same number of acres of open space for every 1,000 residents, an additional 132 acres is needed. Cities with lower impact fees may have lower level of standard goals or be forecasted to grow slower, which could result in needing less fee revenue to fund expansion of their current park system.

## Park Impact Fees for Comparable Washington Cities

City*	Citywide Residential/Multi-Family** (per unit)	Downtown/High Density Area*** Residential/Multi-Family (per unit)
<b>Auburn (pop. 67,340)</b>	\$3,500.00	
<b>Bellingham (pop. 84,850)</b>	\$3,523.53	
<b>Edmonds (pop. 40,900)</b>	\$2,340.16	
<b>Everett (pop. 108,300)</b>	\$0.00	
<b>Kirkland (pop. 84,680)</b>	\$3,015.00	
<b>Lacey (pop. 47,540)</b>	\$0.00****	
<b>Olympia (pop. 51,600)</b>	\$3,698.00	\$2,827.00
<b>Redmond (pop. 60,560)</b>	\$2,815.51	
<b>Tumwater (pop. 23,040)</b>	\$2,413.12	

\*Population figures are estimates for 2015 from the Washington State Office of Financial Management.

\*\*Multi-family residential includes duplexes, townhomes, apartments and/or condominiums, *unless otherwise noted.*

\*\*\*Fee only noted if different than citywide.

\*\*\*\*In lieu of impact fees, Lacey requires dedicated open space be set aside; the percentage of land set aside is dependent on land use type (ex. multi-family projects = 20%) and project acreage.



### ***How Are Impact Fees Applied Downtown?***

Olympia is one of few cities to implement lower impact fees for downtown. The City’s lower transportation fees for downtown are based on national and regional research that document lower vehicle trip rates in downtown areas and reduced average trip lengths.

In 2014, the City reviewed current research and local traffic studies to ensure the fee reductions were still appropriate. The findings confirmed that downtown’s walkability and greater availability of transit resulted in substantially less vehicle trips and shorter vehicle trips being generated compared to the rest of the city.

The state law authorizing impact fees also allows cities to provide exemptions for low-income housing and other development activities with “broad public purposes.” This can be an effective tool to promote new construction where the infrastructure is already there to support it, while encouraging more diverse housing types and services.

The City’s park impact fee for downtown is nearly half for multifamily as for single family development, and there are no school impact fees assessed for downtown multifamily projects. This is because census data shows that the average number of people who live in downtown multifamily housing units is much less than multifamily units or single family homes elsewhere; 1.30 persons per unit on average versus 2.50 persons per unit for single family residential homes.

### **Downtown Impact Fee Area**

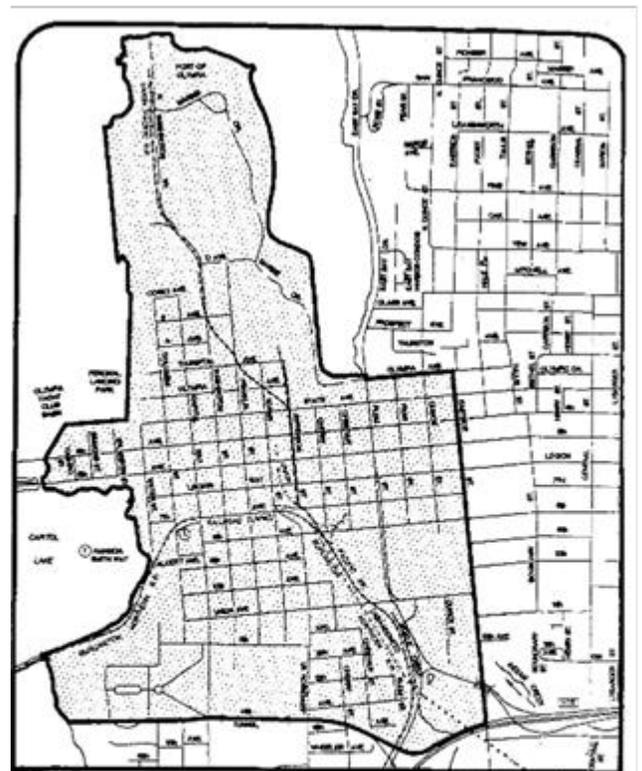


FIGURE 15-04-1

Downtown Deferred Impact Fee Payment Option Area  
(Grey Shaded Area Only)

*Note: This map is for illustrative purposes only.*