



CITY OF TACOMA

University of Washington

School of Environmental and Forest Sciences

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Resource Policy & Administration

Instructor: Clare Ryan

City of Tacoma Project Leads:

Josh Diekmann

Lihuang Wung

Lisa Spadoni

Report Authors:

Claire Baron

Emily Coleman

Micah Stanovsky

Katherine Walton

IMPACT FEE POLICY OPTIONS STUDY



Introduction

In the face of anticipated growth and the expansion of the link light rail in 2022, Tacoma has identified a need to develop more transportation infrastructure capacity to meet the demands of a growing population.

Transportation impact fees are one-time charges assessed by a local government against a new development project to help pay for new or expanded transportation infrastructure that will directly address the increased demand created by the development.

Established in Washington State in 1990 following the

Growth Management Act, over 70 municipalities in Western Washington have transportation impact fees in place. The City of Tacoma's Transportation Engineering Department requested a study assessing the feasibility of implementing transportation impact fees in Tacoma. The report we created includes an overview of transportation impact fee policy, structural considerations, economic implications, and Tacoma-specific context regarding the City's current revenue streams for transportation infrastructure projects.

Key Findings

- Tacoma has a significant funding gap for capital projects related to transportation. Impact fees can likely cover a portion of the unfunded partial costs related to projects directly caused by new growth and development.

- Transportation impact fees have become common in Western Washington: over 70 municipalities that have seen significant growth over the past five years have transportation impact fees in place—suggesting that the area's market resiliency has created a climate in which transportation impact fees and urban growth are not mutually exclusive.

- There are a variety of structural considerations and modifications that the City of Tacoma can incorporate when instituting impact

fees to alleviate constituent concerns: exemptions can be used to incentivize the development of mixed-use-centers, affordable housing, green infrastructure, and other projects that might further Tacoma's priorities.



Map of potential projects.

Credit: Student Team

Recommendations

We believe, based on our findings, that transportation impact fees are a good fit for the city of Tacoma. The growing number of municipalities in Washington that have already adopted transportation impact fees have shown continued success and community buy-in. We believe that possible housing cost increases from transportation impact fees are unlikely to stymie the positive effects from economic and population growth and that strong growth trends in the area indicate development would have a strong resiliency to transportation impact fees. Should Tacoma decide to take action on transportation impact fees, the next steps would include:

- **Conduct a trip rate analysis**, an assessment numbers of trips per hour along different roadways, to determine the maximum allowable base rate for developers.
- **Bring base rate estimate to public and developers** and proactively work to address and mitigate any prevalent concerns.
- **Construct the transportation impact fee structure** that includes a schedule of rates that categorizes the separate building categories and offering distinct units of measures for these categories.

- **Use one service area**, rather than multiple throughout the city, to keep administrative costs low.
- **Include exemptions for affordable housing and environmental justice.**
- **Incentivize multimodal transportation projects** that support non-motorized transportation.
- **Create streamlined system for developers to introduce their own trip rate data for mixed-use structures.**