

Lynda – Please add to this list with anything I did not capture that other committee members sent you independently. When done, please send to the committee to ensure we: (1) captured all of the information expressed in today’s task force meeting, and (2) that we captured it correctly and completely.

In no particular order or priority, the Tacoma Advisory Permit Task Force comments/questions that I heard today during our Committee discussion included:

- How does the imposition of impact fees impact affordable housing? It appears to the committee that adding cost to a home owner is in direct conflict with making housing affordable.
- Why do this during a housing crisis? While similar to the aforementioned question/comment the committee does not understand why we would add a burden to a homeowner or business during a time of crisis.
- Please provide the Committee with the “Project List” that the impact fees are intended to fund. Committee sentiment was that impact fees cannot be determined based on what other jurisdictions have done rather must be based on a real project list.
- Looking thru an equity lens – it appears as though what is proposed is not equitable. The committee feels it should be. Has this been evaluated?
- Will the requirement of impact fees mitigate off site improvement costs? Assuming impact fees pay for “some” offsite improvements, the committee would like to better understand what the impact fees do and do not pay for in regards to off site improvements.
- Has there been a consideration for the impact to infill development? It appears to the committee that impact fees are counter intuitive to two other City fo Tacoma initiatives, Affordable Housing and Homes in Tacoma.
- What are the benefits to not having impact fees? The committee agreed to provide their feedback on this direct to Lynda so that she may compile their answers.
- How have the funds raised via impact fees been used in other jurisdictions? The thrust of this question is the belief that the total value of funds raised by impact fees is not capable of accomplishing the project list cost and/or in the time frame that it is required to be spent.
- If impact fees are imposed will that mitigate the need for B&O taxes? The committee comment was that in other jurisdictions they have one or the other. It appears as though Tacoma is intending to have both.
- Do impact fees help Tacoma to increase jobs, be more livable and affordable and generally a preferred place to live and work? The general sentiment of the committee based on their understanding to date, is that it does not. If it does, the committee is asking for documentation to support such a position.

- In regards to phasing, will a phased roll out of the proposed impact fee program be concurrent with a phased or deferred payment plan? Committee discussion was clear on a concern regarding direct financial impact to homeowners and businesses that in a non-crisis market did not plan for it and in a crisis market are already struggling and suffering.
- Can we slow this down? Committee sentiment is that far too many concerns appear to not have been thought out well enough to move quickly on the proposed impact fee program. Understanding the impact of impact fees to Homes for Tacoma alone and affordable housing in general, is an example of this concern and request.
- What is the growth that Tacoma is planning for? The presentation said “growth to pay for growth”. The committee is requesting a better understanding of – what growth? Where? How fast?
- Are there better ways to fund infrastructure in Tacoma than imposing impact fees? The committee is asking for what are ALL the ways in which infrastructure projects may be funded, have all of these ways been evaluated and discussed in a pro’s and con’s format and finally, why did Council land on impact fees as the answer. It was shared by one committee member that some form of funding needs to be determined to support infrastructure projects but that impact fees are not the answer and now is not the time.
- At the end of the committee meeting and in final comments, the committee Chair asked the committee if anyone on the committee, based on what they know as of today, is in support of impact fees in Tacoma. The Chair asked for the use of the virtual hand. No one raised their virtual hand. While not a vote nor a written formal document, it is important to the committee to send the message to Council that as of this date and based on what we know so far, the general consensus is one that does not support the imposition of impact fees in Tacoma at this time.

That’s all I have. Thanks.

JD

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Here are my thoughts on impact fees.

Good experiences:

1. If \$ are used to provide quality infrastructure where value is rec'd
2. If they are clear and can be established early, ie in a developers due diligence phase that they can clearly understand all costs to put in their proforma to make good business decisions

Bad experiences:

3. It is a competitive market place, jurisdiction to jurisdiction. We had many clients that would look to do their developments in the most competitive jurisdictions. Most competitive defined as cost of development (impact fees directly impact this), speed of approvals, accuracy of approvals. So I can say many of our developers moved away from high impact fee jurisdictions and looked to the best to work with jurisdictions, like the City of Tacoma, especially in the 80's and 90's.
4. Some jurisdictions the impact fees were hard to figure out and caused great consternation with developers. Hence, let's go find a better jurisdiction to work with
5. There was never a line of sight as to where the impact fees were going and what improvements would be made to provide value for the \$\$

How structured to support growth and quality of life.

6. It appears the City is going about this backwards for the info I have rec'd. as they are looking on how to implement impact fees. The approach to support growth and quality of life is to first identify the needs (projects) that are need and then determine if impact fees are the way to get them done. I could support this approach, assuming I am in agreement with the projects.

What other strategic policy priorities should be considered;

7. If you put impact fees in place they need to be structured to be fair across the board. They should not be 'political' as it is not fair for an affordable developer to not pay for necessary infrastructure if you charge a market rate developer more to get the improvements done. now, if the City made a concession to the affordable developer to spur affordability and they paid that portion from some fund (not an increase from market rate or other developers) then I could agree. But would need line of sight to understand and believe it.

In closing, the only way I support impact fees is if jurisdiction can clearly show specific needs and direct correlation of impacts due to a new development then I am all for a development paying for its fair share.

Thank you,
Kim Nakamura

My comments from today's meeting.

1. Today was not the correct time to ask if the group supported Impact Fees. It's like asking if we support more taxes, everyone will say No. We have to understand first how much we're talking about and what we get for it. If I build a new building and the impact fees will help pay for a new park in the neighborhood, I may say Yes because all my future tenants will now have a place to walk their dogs, including me if I live nearby. Simple things like this are important to people, including myself.
2. Do impact fees help Tacoma attract jobs and housing?
3. In some cases, impact fees are calculated on vehicle trips. Will this be the case?
4. If Yes to #3, Can developers lower their parking spaces in order to lessen their impact fee?
5. Can developers pay their impact fee over time?
6. Improvements to infrastructure impact everyone in that neighborhood, how much will a new development's impact fees be required to pay for these improvements?
7. APA says that there is little to demonstrate that Impact Fees stifle development. How it impacts housing affordability is less studied. Can we look at this impact?

Best,
John

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Hi Lynda,

As Jim requested, please see my statement related to Impact fees below.

The city of Tacoma is currently evaluating the implementation of impact fees. It is my understanding these fees will fund infrastructure related to growth impacts. I am deeply concerned about these fees because they fail to take into account the most urgent need for our BIPOC and elderly community, which is safe and affordable housing.

As a Recruitment consultant who works with large General Contractors and Owner's Representative firms in Seattle, I am in constant conversation with Developers. Specifically, I have spoken with Michael Christ of SECO Development, David Selig of Martin Selig Real Estate, and Douglas Howe of Howe Family Holdings. Each of these individuals are multi-millionaires who own and develop buildings in Seattle/Bellevue. Each one of them maintains the same message; the cost of building in Bellevue is nearly the same as in Tacoma, but, the ROI will always be substantially higher up north. As much as they 'love Tacoma', it makes no sense for them to build here.

What this means is development that does happen in Tacoma is most often smaller, more community minded developers. Frequently, it is a group of individuals who have scraped together their life savings to make a solid income doing development while also helping their community. Every penny is counted. These are the people who will build housing for a community that so desperately needs it. It is not going to be the billionaires who can waive off a fee as just another line item.

Unfortunately what will happen if impact fees are approved is that housing just won't be built, because it has become unattainable to the smaller developer. Thus, it is of utmost importance that we acutely scrutinize impact fees and the damage they would cause to Tacoma's dream of Housing for All.

Sincerely,
Mandy McGill
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APRIL 2021

THE AFFECT OF IMPACT FEES ON TACOMA'S HOUSING EFFORTS



AN ISSUE BRIEF BY

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WHAT ARE IMPACT FEES?

Impact fees are fees, authorized by RCW 82.02.02, that builders constructing new homes must pay to a city or jurisdiction. According to RCW 82.02.090, impact fees may only be collected for four specific uses: public streets/roads, parks, schools, and fire protection facilities. Impact fee totals throughout Pierce County vary and are determined by each city or jurisdiction. Often impact fees are charged based on the type of new housing being constructed, such as single family versus multifamily. The total amount collected from impact fees in our area can easily exceed \$10,000 per unit, adding significantly to the final cost of the home.

WHERE CAN IMPACT FEES BE USED IN TACOMA?

Funds created from impact fees must be used by that city or jurisdiction towards specific projects or costs associated with the category they were collected under. These fees are levied on new growth to pay for new infrastructure or amenities. *Using impact fees to pay to repair existing deficiencies is not allowed.* With the lion share of Tacoma's infrastructure already being built out and many existing deficiencies, using impact fees as a funding source will be limited by this requirement and the gap in infrastructure will remain.

HOW IS ATTAINABILITY AFFECTED?

The more it costs to build a home, the more that home will end up costing buyers. Higher home prices –whether due to rising mortgage interest rates, government-imposed fees, regulatory costs, or other factors –impact access to affordable homeownership. The National Association of Home Builders (NAHB) has generated [“priced-out” estimates](#) for our local housing market. They estimate that, for every \$1,000 increase in the price of home in Pierce County's market, 1,555 households are priced out from living in our County.

Furthermore, with a City as developed as Tacoma, impact fees are an inequitable funding source, levied against the remaining development projects that the City has buildable land for.

EQUITY CONCERNS

Impact fees are inherently inequitable and have an inflationary effect on home prices. Lower priced units, meant to be more affordable or reach a lower area median income (AMI), are charged the same impact fee amount as more expensive homes intended for higher AMIs. Additionally, homes with a greater capacity to have more residents and impact on services would pay the same amount than a smaller, more affordable new construction home. In terms of being inflationary, a new home that had to pay impact fees right next to an existing home with similar specifications will raise the market price of the older home.

Understanding the City's commitment to racial and social equity, it is important to recognize that impact fees are wielded as a tool to enforce modern day redlining. In the City of Federal Way, just about 13 miles north of Tacoma, multifamily units are charged \$16,003 per unit for school district impact fees while single family units are only charged \$3,243. These cost discrepancies create a de facto moratorium on multifamily development as Federal Way explicitly discriminates against renters through these fees. Subsequently, the multifamily school district impact fees assessed by the Federal Way School District spills into other jurisdictions, such as Auburn, where assessed fees are as high as \$20,768 per unit.

QUESTIONS FOR CONSIDERATION AS THE CITY PURSUES IMPACT FEES?

1. Why is the City of Tacoma seeking a funding option that makes housing more expensive in a housing crisis?
2. Offsite improvements are already onerous in the City. If impact fees have a narrow funding scope, why compound the costs of existing offsite improvements AND impact fees?

3. Tacoma Planning and Development Services has been pursuing housing Attainability through efforts like the Affordable Housing Action Strategy as well as the Home in Tacoma Project, both of which promote missing middle housing, infill development, and accessory dwelling unit production. How will adding the cost of impact fees onto these endeavors, meant to create attainable housing, make these options affordable?
4. Do impact fees help Tacoma to increase jobs and its workforce, become a more livable and affordable City, and an ideal place to live and work?