

# City of Kirkland Impact Fees

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April 11, 2007

## Definition of an Impact Fee

One time payment...

... by new development ...

... for capital costs of facilities ...

... needed by new development.

## Rules for Impact Fees

1. "Fair Share"  
= growth yes, deficiency no
2. "Reasonably needed" & "proportional share"  
= fee proportional to impacts
3. "Credits"  
= no double charging

# Kirkland Impact Fees

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## Reasons Governments Charge Impact Fees

- Revenue: for public facilities
- Policy: growth pays a portion of costs
- Quality of life: public facilities keep up with growth



# Kirkland Impact Fees

## Impact Fee **Myths** and **Realities**

April 11, 2007

# Kirkland Impact Fees

**Growth does not pay for itself.**

**Myth** or **Fact** ?

# Kirkland Impact Fees

## Myth

Growth **DOES** pay a lot of money.

*On-site improvements, such as local streets, storm water controls, etc.*

*Property taxes, sales tax, gas taxes, etc.*

# Kirkland Impact Fees

**Growth DOES pay for itself.**

**Myth** or **Fact** ?

# Kirkland Impact Fees

## Myth

Growth does **NOT** pay for itself.

*Most of the taxes paid by new development are not available for needed infrastructure.*

## Kirkland Impact Fees

**Impact fees can solve any infrastructure  
problems.**

**Myth** or **Fact** ?

# Kirkland Impact Fees

## Myth

Impact fees buy capacity for growth, but **NOT**:

- ◆ *Existing deficiencies*
- ◆ *Non-capacity costs*
- ◆ *On-site improvements*
- ◆ *Costs paid by taxes, grants, user fees, etc.*
- ◆ *Operating or maintenance costs*

## Kirkland Impact Fees

**Impact fees are paid by developers.**

**Myth** or **Fact** ?

## Kirkland Impact Fees

### Myth

Developers pay the fees, **BUT** they pass the fees along to the buyer by increasing the price.

# Kirkland Impact Fees

**Impact fees stop development.**

**Myth** or **Fact** ?

## Kirkland Impact Fees

### Myth

Impact fees add to the cost of development, **BUT**  
they do **NOT** stop development.

## Kirkland Impact Fees

**Impact fees reduce taxes and fees paid by  
existing residents.**

**Myth** or **Fact** ?

## Kirkland Impact Fees

### Fact

Without impact fees, existing residents and businesses have to subsidize infrastructure for new development.

# Kirkland

## Park Impact Fees

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### Who Pays Park Impact Fees?

- Residential = flat rate per dwelling unit
  - one rate for all single family houses
  - a separate rate for all multi-family units
- Commercial development = no park impact fees (insufficient nexus)

# Kirkland Park Impact Fees

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## Types of Parks and Facilities

- Community Parks
- Nature Parks
- Indoor Non-Athletic Recreation Space
- Neighborhood Parks
- Indoor Athletic Recreation Space

# Kirkland Park Impact Fees

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## Level of Service Standard v. Reality

- a. Standards same as reality
  - = perfect balance, no deficiency, no reserve

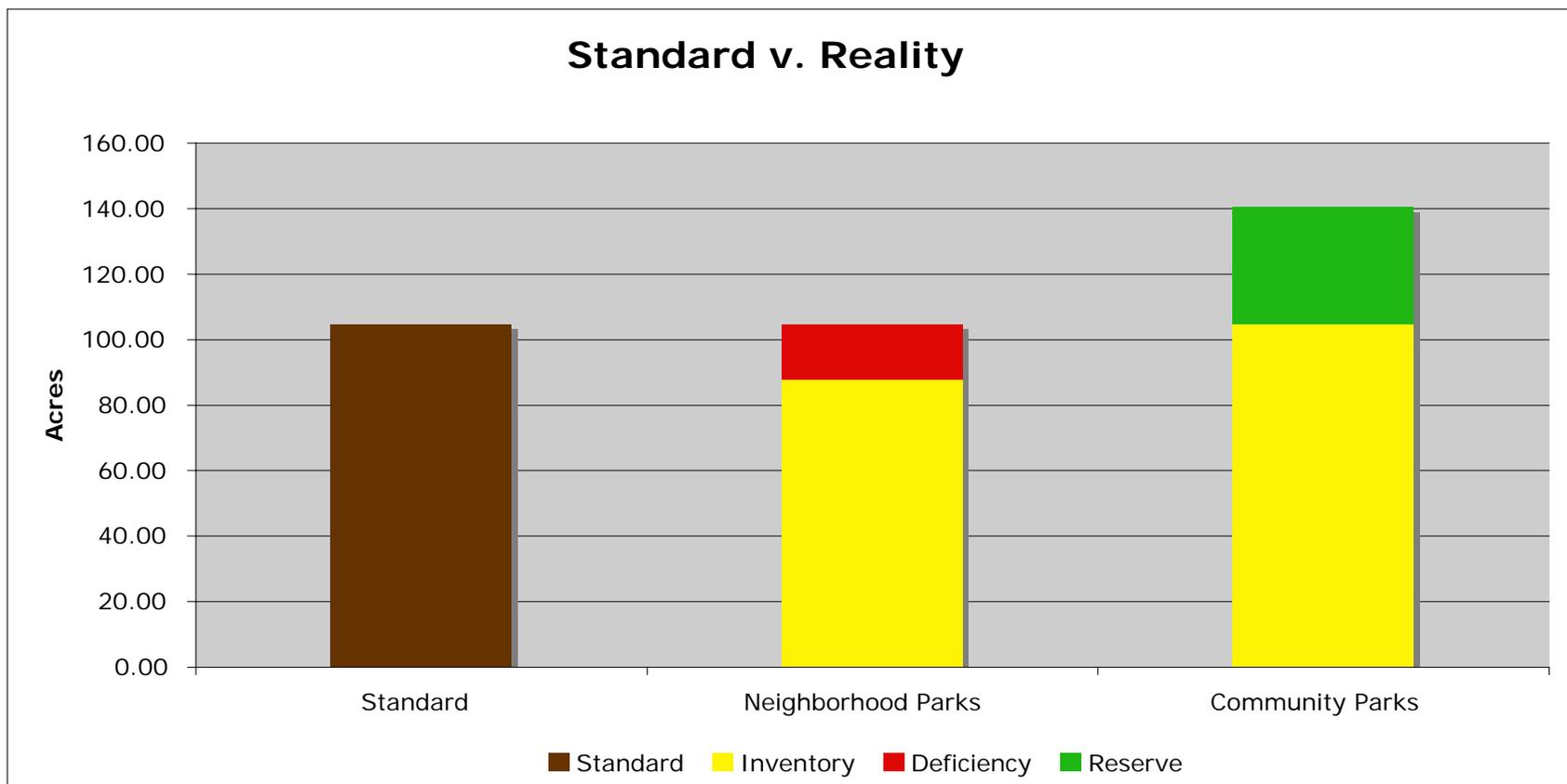
OR

- b. Higher standards than reality
  - = existing deficiency (cannot be paid by impact fees)

OR

- c. Lower standards than reality
  - = existing reserve capacity can serve growth

# Kirkland Park Impact Fees



# Kirkland Park Impact Fees

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## Community Parks Needs Analysis

(1)	(2)	(3)	(4)	(5)
		ACRES REQUIRED @ 0.0021 PER CAPITA	COMMUNITY PARK ACRES AVAILABLE*	NET RESERVE OR DEFICIENCY
<u>TIME PERIOD</u>	<u>CITY-WIDE POPULATION</u>	<u>PER CAPITA</u>	<u>AVAILABLE*</u>	<u>DEFICIENCY</u>
2006 ACTUAL	47,180	99.08	140.34	41.26
2007-2011 GROWTH	2,612	5.48	0.00	-5.48
TOTAL AS OF 2011	49,792	104.56	140.34	35.78

# Kirkland Park Impact Fees

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## Example Calculation: Community Parks

1A	Total Cost	-	Non-Capacity Cost	=	Capacity Cost
	<b>\$5,750,000</b>	-	<b>\$ 0</b>	=	<b>\$5,750,000</b>
1B	Capacity Cost	-	Other Revenue	=	Eligible Cost
	<b>\$5,750,000</b>	-	<b>\$299,000</b>	=	<b>\$5,451,000</b>
1C	Eligible Cost	÷	Units of Capacity	=	Cost per Unit
	<b>\$5,451,000</b>	÷	<b>11.6 acres</b>	=	<b>\$469,913/acre</b>
5	Standard	x	Cost per Unit	=	Cost per Capita
	<b>2.1 (0.0021)</b>	x	<b>\$469,913/acre</b>	=	<b>\$986.82/capita</b>
6	Cost/Capita	x	Persons per Dwelling	=	Cost/Dwelling
	<b>\$986.82</b>	x	<b>2.547</b>	=	<b>\$2,513.43</b>

# Kirkland Park Impact Fees

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## Park & Rec Impact Fee Summary

	Standard	Eligible Cost per Unit	Eligible Cost per Capita
Community Parks	2.1	\$ 469,913.70	\$ 986.82
Nature Parks	5.7	85,925.83	489.78
Indoor Rec Space	500	206.54	103.27
Eligible Cost/Capita			1,579.86
% Not Charged to Growth			10%
Amount Not Charged to Growth			157.99
Amount Charged to Growth			1,421.88
Persons per Dwelling			2.547
Impact Fee per Dwelling			3,621.52

# Kirkland Park Impact Fees

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## Park & Recreation Impact Fee Rates in Washington

4,632	Monroe
3,888	Mill Creek
<b>3,621</b>	<b>Kirkland - proposed fee</b>
3,500	Auburn
3,147	Issaquah
2,812	Redmond
2,605	Sammamish
2,246	Kenmore
1,843	Olympia
1,345	Bothell
<b>612</b>	<b>Kirkland - current fee</b>
531	Renton

# Kirkland Park Impact Fee

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## Options if Impact Fees "Too High"

1. Raise other revenues
  - = growth pays less,  
taxpayers pay more
2. Reduce level of service
  - = less infrastructure,  
quality of life reduced