

March 16, 2023

City of Seattle
600 4th Ave
Seattle, WA 98102



Council President Juarez and Seattle City Council:

Re: Delaying Transportation Impact Fees

Seattle for Everyone (“S4E”) is a broad housing coalition that unites under the belief that everyone should have access to a safe, stable, and affordable home. We are writing to comment on City Council’s potential consideration of (1) comprehensive plan amendments to facilitate implementation of a transportation impact fee, and (2) additional legislation establishing substantive and procedural requirements of a transportation impact fee program. ***Seattle for Everyone urges the City Council to withdraw the current consideration of transportation impact fees and to synchronize work on a new transportation revenue plan timed with the Move Seattle transportation levy renewal. Now is not the time to consider adding new fees to housing in Seattle.*** We will share our reasoning below.

Background. According to the [City of Seattle website](#), impact fees are statutorily authorized fees charged to new development to partially address the needs associated with growth for capacity improvements to transportation, parks, schools, and fire facilities. On February 13th, City Council released a State Environmental Protection Act (“SEPA”) [Determination of Non-Significance](#) (“DNS”) for 2023 comprehensive plan amendments that would establish a policy basis for a transportation impact fee program in Seattle. This notice includes a list of transportation projects the completion of which would mitigate some growth-related impacts to the transportation network. As noted in the DNS document itself, the amendments are a necessary, but not sufficient, step to establish an impact fee program under RCW 82.02.050. For this policy to move forward, City Council and staff would also need to (1) amend the Comprehensive Plan and (2) develop policies and regulations for the program through subsequent legislation.

Seattle for Everyone position. S4E recognizes that transportation and housing infrastructure are interdependent issues. They are both critical elements of a livable, accessible, and sustainable Seattle. We strongly support raising appropriate public revenue for transportation infrastructure. We also support

funding to subsidize low- and moderate-income housing. However, we advise caution and holistic consideration of the revenue tool(s).

- ***Now is not the right time to consider new fees on housing production.*** We are experiencing a period of ongoing inflation and economic volatility. This is a critical time where developers, banks, and capital investors are deciding whether or not to invest in Seattle in the future. Putting an additional exaction on housing now could have unintended side-effects at a time when our region and state are in a substantial housing supply gap that is most extreme at low- and moderate incomes. Transportation impact fees will impact projects in pre-development and those already budgeted and working through the permitting pipeline.
 - The U.S. housing system does not have sufficient subsidy to create the necessary housing at attainable levels for low- and moderate-income earners. This public funding gap exists at the federal, state, and local levels.
 - Regardless of our personal preferences, private capital and market-based development approaches are necessary to achieve most of the housing beyond the capacity of public funding sources. Private projects also add jobs and other types of tax revenue to the city coffers.
 - The City’s own Office of Economic and Revenue Forecasts & City Budget Office [November 2022 Update](#) recognized that the construction sector contributed over \$100M to City revenue in 2021. The Report noted that there are looming “Revenue Risks Associated with Construction Slowdown” and that the City is seeing permit intakes for larger multifamily projects decreased compared to prior years. Adding transportation impact fee burdens to new construction in the City may adversely impact the feasibility of new construction projects, translating to lost City revenue.
 - Seattle’s land use policies link market-rate production and affordable housing revenue. In addition to the \$100M in City general fund revenue, there are local programs that leverage the private market to achieve additional funding for affordable public and non-profit housing development, such as the Seattle Mandatory Housing Affordability (MHA) program. ***Discouraging or preventing private projects has real consequences for affordable projects, even if affordable projects are exempted from the future impact fees.*** As a related example, [The Urbanist has noted](#) that lawsuits and delays through Design Review are actively threatening around \$39 million dollars in MHA affordable housing fees in downtown alone.

- ***Transportation impact fees (“TIF”) may not be the right revenue approach to fund transportation infrastructure in Seattle.*** As noted above, S4E recommends slowing down the TIF conversation and re-approaching transportation funding more holistically. We recommend aligning the TIF discussion with that of the 2024 Move Seattle transportation levy and widening the scope to consider all the potential transportation funding tools available. This will allow for a more comprehensive conversation about all the revenue options, transportation needs (such as those projects noted in the recent DNS), and tradeoffs.
- ***Even if TIF is the right tool, there isn’t consensus on how it should be implemented.*** S4E is a broad coalition that contains non-profit and private organizations. Some organizations categorically oppose TIF while others strongly support it as a funding tool in other contexts. We don’t believe that there is consensus on the fee rate schedule or the use of dollars that would be captured. ***City Council should reassess this plan and build in opportunities to inclusively engage stakeholders and advocates to weigh the tradeoffs before advancing any proposal.***
- There are also active bills in Olympia that could impact land use and transportation policy, including [SB 5466](#) (TOD) and [HB 1110](#) (Middle Housing), among many others. Given the active and shifting landscape in Olympia, deferring any consideration of transportation impact fees until after the legislative session to understand and incorporate these potential statewide policy impacts into the City conversation is the wisest approach.

Seattle for Everyone thanks Seattle City Council for your commitment to fund transportation infrastructure. ***We urge you to withdraw the current transportation impact fee plan based on the SEPA proposal at this time, convene an inclusive stakeholder conversation, and work on a new plan that holistically considers the possible revenue tools, priorities, funding levels, and tradeoffs. This plan should align with the Move Seattle transportation levy renewal.*** We hope that you’ll also consider how these revenue tools interact with and potentially harm other programs that help us meet our housing goals, like MHA. As always, we thank you for inclusively engaging and listening to stakeholders and advocates in these critical transportation funding conversations.

Best Regards,
Seattle for Everyone

(please see next page for organizational sign-ons)



Signing Organizations:

Downtown Seattle Association

Futurewise

Habitat for Humanity Seattle-King & Kittitas Counties

Housing Development Consortium

Master Builders Association of King and Snohomish Counties

NAIOP Washington State, the Commercial Real Estate Development Association for Washington State

The Urbanist

Seattle Metropolitan Chamber of Commerce