



Transportation Impact Fees Fact Sheet

WHAT IS A TRANSPORTATION IMPACT FEE (TIF)?

A Transportation Impact Fee (TIF) is a one-time charge on construction of residential homes, commercial buildings and tenant improvements. The fees are used to pay for transportation projects needed as a result of increased use and growth in the city.

TIF fees shift the cost of these new transportation needs from the community at large (such as property taxes) directly to the development creating the traffic impact. Kennewick was the last of the Tri-Cities to introduce a TIF, which became effective on September 1, 2015. Kennewick's TIF rate is about average for the Tri-Cities and is about one-third the national average. The TIF amendment on June 5th, 2018 (effective June, 14th, 2018) created Traffic Impact Fee Districts, which allows fees to be remitted to projects congruent with the area the impact is realized.

HOW MUCH IS THE TIF?

The TIF is calculated per vehicle trip generated during the PM peak hour, which is determined by (a) the use of the property, (b) [the location of the property](#), and (c) based on trip generation data from the Institute of Transportation Engineers. The rate is subject to change per the [Kennewick Fee Schedule for Transportation Impact Fees](#). The TIF for residential housing is a flat rate per unit, regardless of the size of the home, while the commercial fee is calculated per square foot of building gross floor area.

RESIDENTIAL

Residential TIF Classification	District 1	District 2	District 3	District 4
Single-Family Detached Housing Unit	\$1,346	\$882	\$1,009	\$346
Multi-Family Housing Unit	\$761	\$499	\$571	\$195
Mobile Home Park Housing Unit	\$802	\$526	\$601	\$206
Senior Housing Unit	\$408	\$267	\$306	\$105

COMMERCIAL TIF RATES

Since the number of PM peak hour trips varies by commercial business type, the [City of Kennewick Fee Schedule for Transportation Impact Fees](#) is used to calculate rates. To calculate your fee, divide the gross square footage of your building by 1000, and multiply by the TIF (far right column) that corresponds with your business type.

For example, a 2,500 square foot, quality restaurant in District 3 would pay a one-time **\$11,130 TIF**
 $((2500 \div 1000) \times \$4,452) = \$11,130$

For mixed use developments, impact fees are based on a proportionate share of each land use in the Fee Schedule ([KMC 13.16.060\(5\)](#)).

CHANGE IN USE OF EXISTING BUILDINGS

If the use of an existing space changes, the new use is evaluated to see if it generates more or less vehicle trips than the previous verifiable uses of the space. If it generates more trips, the TIF rate is based on the difference between the previous use and new use. If the new use generates fewer trips than previous uses, there is no TIF.

For example, a 1,500 square foot general office in District 3 becomes an apparel store.

Original Use

General Office ((1500 / 1000) x \$1,519) = **\$2,278**

New Use

Apparel Store ((1500 / 1000) x \$2,772) = **\$4,158**

New TIF Fee Due

\$4,158 - \$2,278 = \$1,880

Note: If the original use had been an apparel store, and it became an office there would be no new TIF due because the new use generates fewer trips than the previous use.

TENANT IMPROVEMENTS AT EXISTING BUILDINGS

If a tenant improvement doesn't add space or is simply a remodel with no change in use or no increase in PM Peak Hour Trips, there is no TIF fee. If the use hasn't changed, but space is added, the TIF is calculated using the rate multiplied by only the square feet added.

WHEN IS THE TIF DUE?

TIFs for commercial, multi-family, and tenant improvements are due and payable prior to the issuance of a certificate of occupancy.

Fees for residential single family units are due and payable prior to issuance of a building permit. However, the builder has the option of deferring the fee on a residential single family home until closing of the home sale (but no longer than 18 months from the building permit issuance) by providing a recorded covenant of payment obligation to the City of Kennewick Customer Service Counter (KMC 13.16.060).

HOW ARE NEW VEHICLE TRIPS DETERMINED?

Since the TIF is intended to address costs associated with new growth, the city uses data from the Institute of Transportation Engineers Trip Generation Manual to determine new trips generated at a commercial building. The [City of Kennewick Fee Schedule for Transportation Impact Fees](#) shows the average PM peak hour trip rate (column 1), the percentage of new trips (column 2), and the formula to calculate a "net new PM peak hour trip" rate (column 3) which is the basis for the fee.

Developers are allowed to prepare and submit an independent fee calculation if they feel the fee categories or amounts do not accurately describe or capture the impact of their development. The independent calculation must be prepared by a licensed professional engineer with experience in Traffic Engineering. Depending on the size of the development, there is a fee of \$200-\$600 for a review of the independent study to determine whether the proposed fee calculation will be accepted.

EXEMPTIONS, CREDITS, AND ADJUSTMENTS

Exemptions to the TIF are provided for when alterations, improvements, or other changes are not anticipated to produce any new PM peak hour trips. For more information see KMC 13.16. 080. Credits against the required TIF fee to a developer may be allowed when applicants construct a project or portions of a project that is eligible for TIF funding. Specific requirements in order to obtain a credit shall be met prior to payment of any TIF and in no case will the applicant be entitled to a reimbursement when the costs of required improvements (for example, standard frontage improvements that are TIF eligible) exceed the calculated TIF fee. For more information see KMC 13.16. 090. Adjustments to the fees are possible in some cases if the development does not adequately fit the Fee Schedule. The applicant may submit an independent fee calculation for the development prepared by a Traffic Engineer for approval. The city may also conduct an independent fee study if the proposed project does not adequately fit into any of the categories in the Fee Schedule. For more information see KMC 13.16. 070.

TRAFFIC STUDIES MAY STILL BE REQUIRED

Developments that have over 30 PM peak hour trips (or over 100 trips at other time periods), and most residential developments regardless of size, generally require additional studies. The studies range in scope from trip generation and distribution studies to full traffic impact studies (TIS) that might include capacity and queuing analysis, safety and traffic calming evaluations, and determination of additional mitigations such as traffic signals, roundabouts, turn lanes, and access modifications.

TIF ORDINANCE

The Kennewick City Council passed Ordinance 5596 authorizing the implementation of a TIF effective September 1, 2015.

An amendment was made by Ordinance 5759 on June 5th, 2018 to create a variable TIF rate based upon location within the City needed to maintain acceptable levels of service within those areas. Further, the ordinance establishes an alternate consumer price index.

The TIF rate was updated January 1st, 2019 to reflect periodic adjustments as outlined in [KMC 13.16.160](#).

The detailed information is contained in [Chapter 13.16 of the Kennewick Municipal Code](#).

PURPOSE OF TRANSPORTATION IMPACT FEES

The intent is to ensure that adequate facilities are available to serve new growth and that the new growth pays a proportionate share of the cost of the infrastructure needed to support that growth ([KMC 13.16.030](#)).

BENEFITS OF TRANSPORTATION IMPACT FEES

- Treats all new developments equitably in the distribution of costs for new transportation projects that serve growth.
- The fees are predictable and simple to calculate for developers, and also streamline development timelines in comparison with the previous traffic mitigation methods.
- They are flexible since they can be spent on any TIF Eligible project allowing the city to program and construct projects in time for growth and to keep development moving.

USE OF FUNDS

Impact fees are used on transportation system improvements that will reasonably benefit new development activity and are not imposed to make up for existing deficiencies in public facilities, or used for maintenance and operation of facilities (KMC 13.16.150). Impact fees are earmarked and deposited in an interest bearing account entitled the Transportation Impact Fee Account. The Finance Director provides an annual report to the City Council containing information regarding fees collected and public improvements that were financed using the Transportation Impact Fee Account (KMC 13.16.110). A new rate study will be performed every five years in order to update the TIF Eligible Project Listing and provide for potential revisions to the Transportation Impact Fee rate (KMC 13.16.160).

The City's Streets and Traffic Division maintains an [annual list of TIF eligible projects](#).