



IMPACT FEES

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What are impact fees?

Impact fees and system development charges (referred to as impact fees hereafter) are one-time charges applied to new development. They are calculated to offset the increased demand for public infrastructure resulting from the new development. In short, they are a user fee instead of a general tax.

They began in the 1970's when cities were confronted with reduced federal and state grants and the desire to keep taxes low. Until then, these marginalized costs for infrastructure improvements were borne by the general taxpayer.

How are they calculated?

At the start of our periodic planning updates, the City Council debates and sets acceptable level-of-service standards (e.g., how long it should take to drive across town or how many acres of parks we should have).

The city then calculates how many new homes and businesses are anticipated within the next 20 years. From that, we can estimate how many new vehicle trips, parks, and flushes are needed, and what specific infrastructure improvements are needed to accommodate the new demand at the established level-of-service standard. The total cost of these improvements is then divided by the number of new houses and businesses which results in the impact fee rate.

Smaller cities typically have higher rates because of their lower scales of economy (i.e., there are fewer units to spread the cost over).

Do impact fees cover the total cost?

No. Although a new street or park may be required to serve a new development, existing residents will also use the new street or park—at least to some degree. Impact fees must be “roughly proportionate” to the impacts, and there must be a “nexus” or logical connection between the fee and the development's impacts.

Can't you just waive the fee?

City Council may not legally waive the fee. It may, at its discretion, agree to pay the fees from the general fund instead.

Each time the city expands, it must demonstrate how it will pay for the necessary infrastructure—or cut back on its plans.

But I still have questions!

Please contact the Public Works Department located at 305 NW Pacific Highway, La Center, WA 98629
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