The Urban Village Transportation Impact Fee Reduction Program in Bellingham, Washington
by Chris Comeau, AICP

This case study examines Bellingham, Washington’s development and application of progressive context-sensitive transportation impact fees based on reduction factors to vehicle trip generation rates for development occurring in compact, mixed-use, and transit-oriented “urban villages.” Bellingham’s Urban Village Transportation Impact Fee Reduction Program won the Washington State APA 2012 Award for Transportation Planning and was honored as a runner-up for the national Institute of Transportation Engineers Transportation Planning Council Best Program Award in 2013. Since implementation in March 2011, the program has saved developers within Bellingham’s urban villages more than $300,000 in transportation impact fees.

The case study also discusses the shortfalls of employing traditional vehicle trip generation rates in urban mixed-use settings and explains how Bellingham transportation planners created innovative, predictable, consistent, and comprehensive vehicle trip reduction factors specifically designed to help achieve the infill, multimodal, mode shift, and economic development goals of Washington’s Growth Management Act and the Bellingham Comprehensive Plan.

Planners wishing to advance infill development, multimodal transportation planning, or incentives for economic development in their own jurisdiction can learn from this case study the practices and methods advanced and applied in Bellingham. Planners who work in jurisdictions that do not assess transportation impact fees will benefit from the lessons learned that discuss who shares in the cost of, and who benefits from, transportation infrastructure investments in urban environments.

BACKGROUND AND CONTEXT

In 1990, the Washington state legislature passed the Growth Management Act (GMA), which mandated that most cities and counties adopt comprehensive plans with 20-year planning horizons. Washington’s GMA provides a legal framework but leaves the details of how to achieve and implement the 14 goals (RCW 36.70A.020) up to each local jurisdiction. GMA requires local comprehensive plan elements (RCW 36.70A.070) to be internally consistent and also requires a demonstration that infrastructure needed to serve planned development is within a jurisdiction’s financial means to provide.

The ultimate implementation goal for local jurisdictions is to achieve a reasonable level of balance between the 14 goals, with a variety of legitimate funding sources identified to provide public infrastructure deemed necessary to serve the amount of growth being planned. One funding source that GMA allows (RCW 82.02.050) is the regulatory assessment of transportation impact fees for new development that generates new vehicle trips, thus generating traffic impacts on the city’s transportation infrastructure. According to my own survey in December 2012, as many as 60 cities and five counties in Washington have adopted transportation impact fees.
Transportation impact fees are regulatory extractions from development that are used to help recover a proportional share of the cost of providing transportation infrastructure identified in a transportation capital improvement program. Jurisdictions that adopt transportation impact fee ordinances usually calculate the number of vehicle trips generated from new development proposals and then charge a fee according to locally established traffic impact fee base rates. Ordinances must be based on a calculation of transportation investments that a city needs to accomplish to accommodate growth, and the ordinances must include a calculation of private development’s proportional share of those public investments.

The basic philosophy of transportation impact fees is that new development creates new vehicle trips and traffic impacts to public infrastructure and, therefore, new development should be partially responsible for funding the cost of public infrastructure needed to accommodate growth. In other words, growth should help to pay for the cost of growth. Many states have adopted regulatory provisions for impact fees, and there is significant case law history regarding the collection and use of transportation impact fees (Cooper 2000).

**FACTS OF THE CASE**

**Location**

Bellingham is located in the far northwestern corner of Washington. The San Juan Islands rise out of the sea to the west and the North Cascade Mountains to the east rise to elevations of almost 11,000 feet. Vancouver, B.C., Canada, lies 45 miles to the north and Seattle lies 55 miles to the south on Interstate 5 (see Figure 1). Bellingham is currently home to 81,360 residents and is the seat of government for Whatcom County.
Urban Economy

The Bellingham urban area is the largest center for employment, shopping, entertainment, medical care, and secondary education in the Whatcom County region (Figure 3). Bellingham has 18 of the county’s top 25 employers, several large retail shopping centers, many restaurant and dining options, several movie theaters and live performance venues, a state-of-the-art regional hospital, and three post-secondary education institutions (Western Washington University, Whatcom Community College, and Bellingham Technical College). These activity centers and Interstate 5 draw a great amount of automobile traffic into and through Bellingham.

Bellingham’s activity centers offer tremendous potential for pedestrian, bicycle, and transit modes of transportation for those who live within close proximity of the city’s urban villages. As shown in Figure 3, many thousands of people already live within a five-minute walk of commercial, shopping, entertainment, and employment destinations. Bellingham’s urban villages are also within easy biking distance for many more thousands of residents. Furthermore, all urban villages are connected with high-frequency (15-minute) public transit service.
Planning and Transportation Impact Fees

In 1994, Bellingham adopted development regulations (Bellingham Municipal Code, Title 19.06) to assess transportation impact fees. The fees for new development recover a proportional share of the cost to provide citywide transportation infrastructure projected to be needed during the 20-year planning horizon, and they are based on the costs of transportation capital investments made by the city. Collection of transportation impact fees from new development began in 1995. Since then, the transportation impact fee system has gone through several significant modifications (Comeau 2011).

In 2006, Bellingham adopted an updated comprehensive plan and the transportation impact fee system was significantly revised from 18 individual zones to a citywide system that became effective in January, 2007. Since then, several portions of the Bellingham urban growth area have been annexed into the city. Also since then, planning and zoning work for compact mixed-use urban villages has been completed for the City Center, Barkley Village, Old Town, North Samish Way, and the Fountain District. Planning for a new Waterfront District Urban Village and an update to the City Center Master Plan are under way, with completion of both expected in 2014.

The 2006 Bellingham Comprehensive Plan contains multimodal transportation visions, goals, and policies designed to support infill development in compact urban villages and non-automotive modes of transportation while discouraging low-density, auto-oriented development. Dedicated bicycle and pedestrian facilities are required on all new or reconstructed arterial streets and where possible, residential streets. Together, Bellingham's multimodal transportation goals, policies, development regulations, street standards, and design guidelines constitute a “Complete Streets” policy approach to addressing all major modes of transportation (see Figure 4).
In 2008, Bellingham adopted and implemented the first Multimodal Transportation Concurrency requirements in Washington (Bellingham Municipal Code 13.70). These innovative multimodal development regulations employ measurements for pedestrian, bicycle, transit, and automobile modes and can require off-site mitigation through the construction of sidewalks and bicycle lanes or contributions to transit service. Bellingham’s Multimodal Transportation Concurrency Program won the Washington State APA Award for Transportation Planning in 2009. The program was described previously in Practicing Planner (Comeau 2009).

In 2012, Bellingham approved a Pedestrian Master Plan with a citywide network and prioritized list of more than 300 individual sidewalk and intersection crossing improvements. Planning for a citywide Bellingham Bicycle Master Plan is currently under way with approval expected in mid-2014, which will add many more nonmotorized improvements to the overall list of projects needed to accommodate Bellingham’s urban infill strategy for future growth and development.

Multimodal goals and policies in Bellingham’s comprehensive plan also support public transit, which is not a city service. City transportation planners work hand-in-hand with the regional transit agency, Whatcom Transportation Authority (WTA), to incorporate transit infrastructure and service investments into the transportation network. In 2005, city and WTA transportation planners worked together to update the transportation element of the Bellingham comprehensive plan, which includes long-term “mode shift goals” (see Table 1 and Figure 5). They continue to work together to reduce the overall percentage of trips made by single-occupant vehicles while increasing the percentage of trips made by pedestrians, bicyclists, and transit riders.
Table 1. Bellingham’s Mode Shift Goals

<table>
<thead>
<tr>
<th>Mode</th>
<th>2004</th>
<th>2010</th>
<th>2015</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile</td>
<td>87%</td>
<td>84%</td>
<td>80%</td>
<td>75%</td>
</tr>
<tr>
<td>Transit Bus</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Bicycle</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Pedestrian</td>
<td>8%</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
</tr>
</tbody>
</table>


Dissatisfaction with Traditional Methods

The traditional planning and engineering method of measuring vehicle trip generation is simply to look up the average 4 p.m. to 6 p.m. peak (Figure 6) vehicle trip generation rate reported for each land use listed in the most current edition of the *Trip Generation Manual* (Institute of Transportation Engineers 2012). Those rates are then used to calculate on-site and off-site traffic impacts and mitigation, transportation concurrency, and transportation impact fees.
The *Trip Generation Manual* is a multi-volume compendium of thousands of traffic studies for various land uses that have been compiled over several decades and is the industry standard source for traffic impact analysis. Each new edition of the manual has been an improvement over previous editions with new land uses added as well as recommendations for how to use and make adjustments to the data in the Institute of Transportation Engineers’ User’s Guide and Handbook. ITE’s 9th Edition (2012) of the *Trip Generation Manual* contains average trip generation rates for 161 distinct land uses, reported by unit count, square footage, employees, or acres by weekday, a.m. or p.m. peak traffic hours, or weekends.

The ITE *Trip Generation Manual* is an important source of information, and the vehicle trip generation rates are well-suited for use in evaluations of stand-alone land uses in lower density, suburban, and auto-oriented land-use environments. However, if traditional ITE average vehicle trip generation rates are used for new infill development without any internal trip capture reductions for higher density, mixed-use developments or reductions for availability of pedestrian, bicycle, and public transit options, then traffic impacts are likely to be over-reported, more off-site mitigation than necessary might be required, higher transportation impact fees would be charged, and the already expensive cost of urban infill development and redevelopment could become less financially feasible.

The User’s Guide and Handbook, which accompanies the ITE *Trip Generation Manual*, contains several chapters presenting research and advice for making adjustments for different variables in isolation, but it does not include adjustments for lower vehicle trip generation in compact, mixed-use urban areas, the presence of pedestrian and bicycle facilities, or the availability and frequency of public transit bus service. Making multiple calculations for possible trip reductions on an individual project basis can be time-consuming and does not provide a consistent, predictable, and comprehensive application of vehicle trip reductions in Bellingham’s urban village areas.
After years of working with traditional ITE vehicle trip generation rates, Bellingham’s transportation planners became convinced that in order to promote and financially reward urban infill development while still recovering a proportional share of the city’s investment in transportation improvements in urban villages, an innovative new method of calculating vehicle trip generation in these compact mixed-use environments was needed.

Genesis of Bellingham’s Urban Village TIF Reduction Program

In February 2010, a local environmental group named Sustainable Connections was seeking ideas to help city staff streamline permitting and support projects that conserve resources and minimize impact on the environment. Public Works transportation planners recommended incorporation of predictable, consistent, and comprehensive vehicle trip reduction credits that would reflect lower vehicle trip generation, and thus lower transportation impact fee payments for development located in mixed-use urban villages. Prior to embarking on research for this effort, however, transportation planners established four baseline principles that any transportation impact fee reductions must be: legally defensible, consistent with methodology of the Institute of Transportation Engineers, consistent with methods being used in other cities in the United States, and limited to a 50 percent maximum reduction.

**Legal defensibility.** Transportation impact fee assessments can, and have been, appealed to both the city’s Public Works Director and Hearings Examiner. There is substantial case law in Washington regarding transportation impact fee assessments and appeals, and the Washington State Supreme Court has issued several decisions specific to transportation impact fees. Bellingham’s current system was created in 2006 and is based on the City of Olympia’s transportation impact fee system, which was upheld by the Washington Supreme Court that same year after being appealed by developers (*City of Olympia v. Drebick*). Therefore, any incorporation of trip reduction credits must be based on legally defensible practices using accepted methodology and practices within the field of transportation planning and engineering.

**Consistency with ITE methodology.** Bellingham Municipal Code, section 19.06 references the most recent edition of the Institute of Transportation Engineers’ *Trip Generation Manual*, which as noted above is the transportation industry standard used by almost all jurisdictions in the United States. Other ITE publications in addition to the *Trip Generation Manual*, namely the *Trip Generation Handbook* and *Transportation Planning Handbook*, contain research and recommended practices for adjusting trip generation rates for mixed-use development, downtown locations, development that is well-served by public transit, and application of transportation demand management strategies. ITE also publishes research in the *ITE Journal* (for instance see Bochner, Hooper, and Sperry 2010) on the adjustment of trip generation rates for urban locations, mixed-use development, internal capture rates, and the effect of various transportation demand management strategies.

**Consistency with other local practices.** In May 2010, Public Works staff submitted a research request to the Washington State Municipal Research and Services Center for documentation of vehicle trip reduction practices being used by other jurisdictions in Washington and, more broadly, within the United States. The Municipal Research and Services Center list of resources was used to examine methods being used by other jurisdictions to achieve similar goals. This survey yielded some useful sources but also confirmed that most trip generation research is rooted in ITE methodology and jurisdictions only cautiously stray from ITE’s *Trip Generation Manual* unless they have the financial resources to conduct extensive local trip generation studies.

**Reduction limit of no more than 50 percent.** As shown in Table 2, the amount of transportation impact fee revenue collected annually pales in comparison to the cost of transportation infrastructure the city invests in each year (see also Figure 7 for a map of urban villages qualifying for transportation impact fee
reductions). This means the benefits to businesses and new development are already partially subsidized by the taxpayers. As a percentage, the amount of transportation impact fees collected in many urban villages is less than the amount of fee collected citywide (approximately 20 percent), which means that development in many urban villages is already benefitting from higher fee subsidies than development outside of urban villages. The exceptions to this are the Fairhaven and Barkley Urban Villages, both of which generate higher transportation impact fee revenue than the citywide average. This may change for Fairhaven, which has several expensive sidewalk and intersection crossing improvements identified in the 2012 Pedestrian Master Plan. Barkley Village is likely to continue generating more transportation impact fee revenue than other urban villages because it has tremendous development potential and has had private investment in major transportation infrastructure.

Table 2. Urban Village Transportation Investments (2000 – 2016) Versus Transportation Impact Fee Revenue (2010 – 2032)

<table>
<thead>
<tr>
<th>Urban Village</th>
<th>Transportation Investments¹ ($)</th>
<th>Transportation Impact Fee Revenue² ($)</th>
<th>Transportation Impact Fee Percentage of Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairhaven</td>
<td>1,725,000</td>
<td>1,589,124</td>
<td>92.1%</td>
</tr>
<tr>
<td>Fountain</td>
<td>2,432,000</td>
<td>420,000</td>
<td>17.3%</td>
</tr>
<tr>
<td>N. Samish Way</td>
<td>5,458,100</td>
<td>1,253,336</td>
<td>23.0%</td>
</tr>
<tr>
<td>City Center</td>
<td>7,725,000</td>
<td>1,346,280</td>
<td>17.4%</td>
</tr>
<tr>
<td>Old Town</td>
<td>7,800,000</td>
<td>1,900,000</td>
<td>24.4%</td>
</tr>
<tr>
<td>Barkley</td>
<td>21,800,000</td>
<td>17,673,372</td>
<td>81.1%</td>
</tr>
<tr>
<td>Averages</td>
<td>46,940,100</td>
<td>24,182,112</td>
<td>51.5%</td>
</tr>
</tbody>
</table>

¹Includes past (2000-2010), present, and future (2011-2032) transportation investments serving urban villages in adopted six-year transportation improvement programs and adopted urban village master plans.

²Based on 2010 transportation impact fee rates, urban village master plans or existing zoning for increased residential and commercial development, and presumed buildout by 2032.
Figure 7. Bellingham’s urban villages connected by Whatcom Transit Authority high-frequency transit routes. (The waterfront district not eligible until planning process is completed.)

Credit: Kate Newell, GIS Specialist, City of Bellingham, WA
Transportation impact fees are collected to recover a proportional share of the cost of the city’s capital investment in the citywide transportation network, which everyone uses and which all businesses benefit from. All development, including infill development in urban villages, has transportation impact because vehicle trips are generated from both inside and outside of the urban village. Every urban village has made transportation investments or has planned transportation improvements identified in the urban village master plan. In considering the buildout potential of urban village plans, all of these transportation improvements have, or will, cost the city far more to construct than the amount of transportation impact fee revenue generated from assessing such fees. Therefore, Bellingham’s transportation planners created trip reduction incentives, some of which are automatic and some that are voluntary, but all of which are additive yet may not exceed a 50 percent total reduction of vehicle trips and fee.

From March through October 2010, the city’s transportation planners conducted research into vehicle trip generation rates in mixed-use urban environments, investigated accepted trip reduction methodology, and proposed a menu of location factors and performance measures that could be consistently and comprehensively applied to new development projects in master-planned urban villages in Bellingham.

**Automatic Reductions**

*Credits for prior uses.*

For redevelopment anywhere in the city, Bellingham provides 100 percent transportation impact fee credit for previous uses and only charges such fees if there is a net new traffic impact created by the new proposed use. The result is that most redevelopment citywide pays little or no transportation impact fees.

*Urban village location trip reductions.*

Consistent with accepted ITE methodology for internal trip capture in mixed-use development areas, an automatic 15 percent vehicle trip reduction is applied for new development located within the boundaries of urban villages that have adopted master plans, Urban Development Center zoning, or Commercial/Historic District zoning. All new development, with the exception of auto commercial and drive-through/drive-in uses, in these areas are charged 85 percent of the baseline transportation impact fee to reflect that residents, employees, customers, and visitors are generally expected to make fewer automobile trips due to the complimentary mix of residential, commercial, and industrial land uses and the increased opportunities to walk, ride a bike, or ride transit. In downtown Bellingham, metered parking also reinforces both internal trip capture and incentives to walk, or ride a bike or bus.

*Transit proximity trip reductions.*

Consistent with accepted ITE methodology, varying degrees of vehicle trip reduction credit are applied for new mixed-use development located within the boundaries of urban villages that is within ¼-mile (1,320 feet, an approximate five-minute walking distance) of a Whatcom Transit Authority (WTA) bus route. Due to the compact geographic footprint of most urban villages, it is likely that all development within them will receive either a 7 percent or 10 percent trip reduction (only one transit proximity credit may be applied to fee charges). Vehicle trip reduction credit for development in close proximity to transit is based on distance from and frequency of the transit service available (see Table 3 for details).

*Commute trip reduction.*

Consistent with both accepted ITE methodology and the RCW 70.94.527 (commute trip reduction law) target of 10 percent reduction of employee single-occupancy vehicle commute trips, a 10 percent commute trip reduction credit is applied for employers located in urban villages with more than 100
employees. In order to receive the 10 percent reduction in transportation impact fee, the employer is required to already have, or create, a commute trip reduction contract with the city, including a specific time commitment (2-3 years) to reach the 10 percent single-occupancy vehicle reduction goal. The contract must also demonstrate good-faith efforts to comply, and the employer must reimburse the city for transportation impact fee-equivalent funds, minus the cost of commute trip reduction measures implemented within the contractual time period.

Optional Reductions

**Bus pass purchase reduction.**

A variable vehicle trip reduction credit of up to 10 percent is already applied for urban village development in close proximity to transit. Therefore, to avoid duplication of vehicle trip reduction credit, the provision of free bus passes is 1 percent for each urban village residential unit or employee provided with two years of free quarterly WTA transit passes. A contractual depository agreement is required with the city at the time of building permit issuance to ensure compliance with verification of bus pass purchases provided by WTA. Failure to comply is a breach of contract, requiring full transportation impact fee payment, minus the cost of any purchased bus passes. In 2012, the WTA Board of Directors approved a 25 percent discount for bus passes purchased through the urban village transportation impact fee reduction program, which made the program more accessible to smaller employers and infill development projects in urban villages.

**Car share membership purchase or vehicle accommodation reduction.**

Similar to the provision for free bus passes, this vehicle trip reduction credit may be applied at 2 percent for each urban village residential unit or employee provided with two years of free car share organization membership or 2 percent for each car share vehicle parked on an urban village residential or employment site. A contract is required with the city to ensure compliance with verification of memberships provided by the car share organization. Failure to comply is a breach of contract requiring full transportation impact fee payment, minus the cost of any purchased bus passes.

**Bike rack reduction.**

In 2012, transportation planners created an additional vehicle trip reduction credit for developers to purchase and install city-approved bicycle racks in prominent and easily accessible locations on their project site. This further promotes Bellingham’s transportation mode shift goals (Table 1) and lessens transportation impacts in urban villages.

**Future reductions to be considered.**

Bellingham’s transportation planners intend to continue to conduct research to determine if there are documented vehicle trip reduction effects for other performance measures, including but not limited to secure bicycle parking (i.e., bike lockers or cages) and commercial employer-provided shuttle bus service (i.e., WTA van pool or private shuttle). If a legitimate and documented vehicle trip reduction can be attributed to these other performance measures, then these can be added to the city’s transportation impact fee ordinance at a future time.

The various trip reduction credits described above are summarized in Table 3.
Table 3. Urban Village Vehicle Trip Reduction Credits

<table>
<thead>
<tr>
<th>Location Factors and Performance Measures to Reduce Vehicle Trips</th>
<th>Percent Reduction of Transportation Impact Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed-Use Urban Village Location (based on ITE internal trip capture — mixed-use urban environment)</td>
<td>15%</td>
</tr>
<tr>
<td>Whatcom Transit Authority transit proximity (Note: only one transit proximity reduction below may be used):</td>
<td></td>
</tr>
<tr>
<td>• Development fronts on a high-frequency WTA Line</td>
<td>10%</td>
</tr>
<tr>
<td>• Development within 1/4-mile of WTA Line</td>
<td>7%</td>
</tr>
<tr>
<td>• Development fronts on standard WTA Route (≤ 60 min)</td>
<td>5%</td>
</tr>
<tr>
<td>• Development within 1/4-mile of standard WTA Route (≤ 60 min)</td>
<td>2%</td>
</tr>
<tr>
<td>Employer mandatory commitment to commute trip reduction: Commute trip reduction/transportation demand management commitment combining economic incentives with transportation services</td>
<td>10%</td>
</tr>
<tr>
<td>Voluntary annual WTA transit pass provision</td>
<td></td>
</tr>
<tr>
<td>• 2-year transit pass provided for residential units = 1% per unit pass</td>
<td>1%</td>
</tr>
<tr>
<td>• 2-year transit pass provided for employees = 1% per employee pass</td>
<td>1%</td>
</tr>
<tr>
<td>Voluntary car share participation or provision</td>
<td></td>
</tr>
<tr>
<td>• Car share vehicle(s) parked on residential or employment site = 2% per vehicle</td>
<td>2%</td>
</tr>
<tr>
<td>• Car share membership fee provided for residential units = 2% per unit</td>
<td>2%</td>
</tr>
<tr>
<td>• Car share membership fee provided for employees = 2% per employee</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: Reductions are additive and may not exceed a total of 50%.

OUTCOMES

As of July 1, 2013, Bellingham’s transportation impact fee reduction program has saved developers and new businesses in Bellingham’s urban villages more than $300,000 in transportation impact fee assessments, while at the same time helping to fulfill the community’s adopted vision and policy emphasis on mixed-use, urban infill development, and multimodal transportation facilities and services.

In just over two years (from March 2011 to July 2013), Bellingham’s urban village transportation impact fee reduction program has saved developers fees for 433 residential apartments (42 of which are low-income housing units), 115,249 square feet of commercial retail space, and 31,897 square feet of office space. About 80 percent of the total transportation fee savings ($242,940) has been from the automatic 22 percent to 25 percent reductions due to mixed-use environment, presence of pedestrian and bicycle infrastructure, and proximity to high-frequency transit. The remaining 20 percent of total fee savings is primarily from the voluntary installation of city-approved bike racks ($11,524) and the voluntary purchase of WTA bus passes for apartment residents ($47,736). Three major developers have voluntarily purchased WTA bus passes for residential projects with 112 apartments in Barkley Village, 120 apartment in City Center, and 42 low-income apartments in City Center.
Geographically, the City Center has had the most individual projects benefit from savings resulting from the urban village transportation impact fee reduction program, with 13 projects saving $118,636. Barkley Village has experienced the highest total cost savings with 10 projects saving $137,818 in transportation impact fees. One important reality, however, is that all of the development in Barkley Village is new and does not receive transportation impact fee credit for previous uses, whereas most of the development in City Center has been redevelopment, which received 100 percent transportation impact fee credit for previous uses. This increases the total savings to the developer, but lowers the savings available through the urban village transportation impact fee reduction program. It must also be noted that many redevelopment projects in City Center do not pay any TIF at all, due to previous use credit.

Despite the success of the urban village transportation impact fee reduction program, there are some detractors to Bellingham’s transportation impact fees. Criticism about transportation impact fees has surfaced from vested business interests, those who have particular theories about economic development, and those who believe that infill development doesn’t generate vehicle trips. Local media, citizen blogs, and public comments from citizens, businesses, and developers have not necessarily provided accurate information about transportation impact fees to the public in Bellingham and Whatcom County. In recent years, articles have been written about the fees in local newspapers contending generally that the transportation impact fees were stunting economic development (Paben 2010; Marczynski 2012). As further illustration of discontent among businesses, the Bellingham/Whatcom Chamber of Commerce & Industry’s website indicates that it is “fighting to limit economic consequences of transportation impact fees.”

LESSONS LEARNED

Impact fees may be unpopular with some people, but there is no free lunch.

Some people argue that the best incentive to attract infill development would be to eliminate transportation impact fees altogether in certain places, such as downtown or all urban villages, claiming that such fees are barriers to economic development, business recruitment, and successful infill redevelopment. The problem with that approach is that businesses and residents that clearly benefit from all of the expensive urban village transportation investments, paid for by gas and sales tax receipts, would pay little to nothing for those transportation benefits, while the actual cost would be shifted onto all businesses and residents outside of the urban villages. This is simply a subsidy to a select group of businesses.

From an economic development standpoint, observers should be reminded that Bellingham already has significant incentives related to transportation impact fees for new businesses to locate both in the city and in urban villages. For redevelopment anywhere in the city, Bellingham provides 100 percent transportation impact fee credit for previous uses and only charges such fees if there is a net new traffic impact created by the new proposed use. The result is that most redevelopment citywide pays little or no transportation impact fee.
Figure 8. Comparison of 2013 TIF Base Rates in 60 Cities and 5 Counties in Washington

Data compiled by Chris Comeau, AICP, Transportation Planner in December 2012
As of 2013, Bellingham’s transportation impact fee base rate (see Figure 8) is one of the lowest in all of western Washington (Comeau, 2012) and the citywide transportation impact fee rate is the lowest in the Whatcom County region. The urban village transportation impact fee rate, at an automatic 22 percent to 25 percent reduction (mixed use environment + high-frequency transit proximity) and a potential for up to a 50 percent reduction if additional voluntary performance measures (bus pass purchase, car share, commute trip reduction, bike rack purchase) are incorporated, is far lower than any other transportation impact fee rate in the Whatcom region.

In simple economic terms, the cost of transportation impact fees to any new business or development in an urban village represents the opportunity cost of choosing to locate where the city has invested heavily in multimodal transportation improvements, which provide direct benefits to those businesses. The city investments have made it easier for people to walk, bike, ride the bus, and even drive within the urban villages. Therefore, those who benefit should have to help pay for at least a small portion of the cost to provide the benefit. This is consistent with one of the most fundamental tenets of economics and one that my 10th-grade economics teacher drilled into my head each morning in class: “There is no such thing as a free lunch.” Someone, somewhere has to cover the cost of the service or benefit provided.

Changing public, institutional, and political perceptions about transportation impact fees from new and infill development, as well as who should help to pay for traffic impacts and how much they should pay, is not easy, but it is essential for jurisdictions choosing to promote infill development. Bellingham’s transportation planners have spent years attempting to educate the public, media, vested interests, and politicians about vehicle trip generation and transportation impact fees. Sometimes, it seems like little progress has been made, particularly when some people continue to believe that developers don’t, or shouldn’t have any responsibility to pay for the increasingly expensive public transportation infrastructure that is required to accommodate the traffic generated by new development. Of course, there is nothing better to quiet critics than success where they have predicted failure.

Vehicle Trip Generation and Fee Calculation are Not Well-Understood by Many

Vehicle trip generation and transportation impact fee calculations are poorly understood outside of the transportation planning profession. Calculating vehicle trip generation rates and fees can be very technical, and the outcome of the calculation must be defensible. Therefore, data used to make these calculations needs to come from a very reliable source. For many decades, the Institute of Transportation Engineers has published the Trip Generation Manual, which is based on thousands of traffic studies for various land uses that have been compiled over several decades.

In recent years, there has been a lot of interest in vehicle trip generation research, but conducting this type of research requires significant funding and can take years to compile enough traffic data to make reliable conclusions that can be used objectively in the real world. Local jurisdictions do not normally have resources to do this, and therefore the research typically is conducted by research universities or national transportation organizations. This is also why the ITE Trip Generation Manual has become the de facto single most important source of vehicle trip generation rates used by almost all jurisdictions in the United States for traffic impact analysis (Currans, Muhs, and Clifton 2012).

Each new edition of the ITE manual has been an improvement over previous editions with new land uses added as well as recommendations for how to use and make adjustments to the data in the ITE User’s Guide and Handbook, but much more work is needed to weave land use and transportation contexts together for urban planning purposes. All development regulations must be crafted to be fair, equitable, consistent, and defensible if challenged on legal grounds. Transportation impact fees must be based on a logical “nexus” between the traffic impact of development and the “rough proportionality” in terms of the amount that development must pay to a jurisdiction for that traffic impact.
Creating Development Incentives to Achieve Multiple Goals Requires Balance

Development incentives must be designed so they are both attractive to the development community and also help to achieve community goals. Ultimately, it’s all about trying to balance needs, costs, and benefits while attempting to accomplish multiple planning goals for land use, transportation, and economic development. If transportation impact fees are too high, then growth may be stymied or may occur somewhere else. If such fees are eliminated, then development will not help to pay for the impacts that growth creates in the community and the taxpayers will subsidize growth.

If transportation impact fees are adjusted to better reflect mixed land-use context and non-automotive transportation options, then vehicle trips can be legitimately reduced in a defensible manner and the costs of development can be lowered precisely where the community has expressed support for infill. The immediate success of the urban village transportation impact fees reduction program speaks volumes about how economic development can be incentivized, while growth still helps to pay for some of the impacts of growth and the community receives some revenue for improving transportation infrastructure to benefit all businesses and residents.

Transportation Impact Fees Are a Necessary Part of Urban Development

Transportation planners everywhere have always faced the daunting challenge of having more transportation improvement needs than there are financial resources to address. In recent years, however, there is not only more competition for fewer state and federal transportation grant funds, there is also less local funding available to provide the minimum local matching funds that grants require. Transportation impact fees collected from private development in urban villages are an extremely important tool for leveraging state and federal grant funds for transportation projects. If city transportation planners are successful in securing outside grant funding, then more local funds will be available to complete the multimodal transportation system in both urban villages and citywide. This ultimately benefits everyone in Bellingham. It also helps to keep transportation impact fee base rates relatively low, which is a benefit to businesses and development that pay the fees.

Success Should Be Celebrated Locally, but Sometimes Isn't

Despite the aforementioned concerns raised by local developers, the creation of the Urban Village Transportation Impact Fee Reduction Program received broad support from citizens, environmentalists, anti-sprawl advocates, the regional transit agency, and even the some segments of the development community. As noted above, this innovative program received the APA Washington transportation planning award in 2012 and was honored as a runner-up for the national ITE Transportation Planning Council Best Program Award in 2013. In addition, the executive director of the Washington State Municipal Research and Services Center lauded the data collection and reporting efforts of Bellingham’s transportation planning staff (Burrows 2013) in support of the urban village transportation impact fee reduction program.

Yet, with the exception of a press release issued by city staff, no real mention or discussion of the state and national awards or articles for this innovative program have appeared in the local newspapers. Public promotion of the financial savings to developers has not emerged from economic development advocates and the local political climate has not been conducive to openly recognizing the demonstrated success of the Bellingham’s Urban Village TIF Reduction Program. Such positive press could have counteracted the negative and misinformed coverage about transportation impact fees in previous articles that have been published locally.
Despite all of the success listed above, Bellingham transportation planners continue to hear complaints about transportation impact fees and proposals to either eliminate them or to devise other methods to lower them. Those who complain about transportation impact fees, however, never seem to bring forward a logical response to the essential question of “Who should pay for all of the expensive transportation improvements in urban villages?” While Bellingham’s program has received a lot of attention and praise outside the community, transportation planners essentially have to leave the city limits to hear how much their work is appreciated. Staff has grown used to this over the years and, despite the deafening local silence, is proud to be recognized for their efforts by their professional peers in the field of planning.

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REFERENCES


