

City of Olympia Cost of Development

UTILITY ADVISORY COMMITTEE

FEBRUARY 7, 2019



Topics

- ▶ Permitting costs – single family residential
 - Building
 - Impact fees
 - General facility charges
- ▶ Infill vs. subdivision costs
- ▶ Comparison to Lacey and Tumwater
- ▶ Missing Middle



Olympia's Approach

- ▶ Growth pays for its impacts
 - Long-standing Olympia philosophy
- ▶ Largely self-sustaining permitting process
 - City policy: 85% funded by permit fees
- ▶ Regulations are enforced
 - Community expectation and scrutiny

Typical Costs

Total Costs

- ▶ Infill \$39,722
- ▶ Subdivision \$36,293

Categories

- | | | |
|----------------|---------------------|---------|
| ▶ Permits | \$7,234 - \$8,163 | +/- 20% |
| ▶ Impact Fees | \$13,700 | +/- 35% |
| ▶ Utility GFCs | \$13,200 – \$15,300 | +/- 40% |

Infill vs. Subdivision Fees

Fee	Subdivision	Infill
Driveway	0	\$158
Sewer Tap	0	\$368
Water Service Install (Deposit)	0	\$2,500
Right-of-way	0	\$368
Total		\$3,394

A Smaller House....

- ▶ Reduces building permit
 - 2,500 SF \$3,076
 - 800 SF \$1,377
- ▶ City of Lacey
 - \$3,350 and \$1,295



Comparisons – Olympia, Lacey, Tumwater

Single Family Residence (2,500 SF)	Subdivision	Infill
Olympia	\$36,293	\$39,722
Lacey	+/- \$26,000	+/- \$26,000
Tumwater	\$30,711	\$32,511

Note: Lacey does not charge for transportation impacts fees, but does charge traffic mitigation fees for residential subdivisions that required environmental review under the State Environmental Policy Act (SEPA). Traffic mitigation fees are not included in the chart.

Impact Fees...Transportation, Parks, Schools

	Subdivision	Infill
Olympia	\$13,766	\$13,766
Lacey	+/- \$5,292 – \$6,491	
Tumwater	\$11,902	\$11,902

Note: Lacey does not charge for transportation impacts fees, but does charge traffic mitigation fees for residential subdivisions that required environmental review under the State Environmental Policy Act (SEPA). Traffic mitigation fees are not included in the chart.

General Facility Charge Calculation

$A/B + C/B + D/E = GFC$, where:

A = Existing infrastructure value (based on General Accounting Standards Board standards)

B = Existing and projected future customers through 2033 as measured by equivalent residential units (ERU) using TRPC, City and LOTT information.

C = Future infrastructure upgrade and replacement costs based on our CFP.

D = Infrastructure expansion costs based on our CFP.

E = Projected future customers

General Facility Charges (GFCs)

	Drinking Water	Sewer	LOTT	Storm and Surface Water
Olympia	\$4,433	\$3,442	\$6,049	\$1,369
Lacey	\$5,776	\$3,305	\$6,049	0
Tumwater	\$4,512	\$2,629	\$6,049	0

Olympia's GFC Variables

	Wastewater	Drinking Water	Storm and Surface Water
Single Family	\$3,442	\$4,433	\$1,357
Multifamily	\$2,409/ERU (\$3,442 x 0.7)	Based on meter size	Based on impervious surface
Downtown MF	\$1,483/ERU	Based on meter size	Commonly 0

Other Development Costs

Olympia Costs Likely Higher

- ▶ Fire sprinklers required in Olympia (+/- \$9,000 plus \$382 permit fee)
- ▶ Less porous soils, therefore higher onsite stormwater costs
- ▶ More environmentally sensitive areas – steep slopes, wetlands, etc.
- ▶ More complex permitting and inspection processes
 - More public involvement opportunities
 - Additional code requirements (e.g., environmental, bike/ped facilities, tree tracts, frontage improvements, undergrounding of overhead utilities, road standards, road extensions)
 - Many challenging sites, especially downtown (building on fill, past site contamination)

Ways to Reduce Costs?

- ▶ GFCs
- ▶ Impact fees
- ▶ Specific regulations
- ▶ Transparent and predictable permitting processes
- ▶ Less public involvement

Missing Middle - Goals

- ▶ Research how much missing middle housing currently exists in Olympia
- ▶ Determine how much more will be needed to accommodate future population growth affordably
- ▶ Look at Olympia's regulations and fees and how they may be impacting property owners' decisions on whether to build missing middle housing
- ▶ Examine how additional missing middle housing can be added in a way that is compatible with existing neighborhoods

Missing Middle – Key Outcomes

- ▶ Accessory dwelling units
 - Increased size and height, no off-street parking required, no owner occupancy needed
- ▶ Tiny houses
 - Urge State Building Code changes, one off-street parking space
- ▶ Duplexes
 - Allow in R 4-8 zoning, one sewer connection, other design changes
- ▶ Triplexes, fourplexes and courtyard apartments
 - Allow in R 6-12 zoning; some cases R 4-8 (near major transit routes and commercial areas)
 - Sets minimum lot sizes

Missing Middle and GFCs

- ▶ “Conduct study to determine impact of different-sized single-family houses, townhouses, duplexes, and cottage units for general facility charges.”
- ▶ Considerations
 - GFCs are tied to infrastructure availability and future need rather than level of use
 - But GFCs are discretionary
 - Relationship with LOTT CDC methodology?



Questions?

