

**AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON IMPLEMENTING THE REQUIREMENTS OF SENATE BILL 5258 FOR IMPACT FEES; AMENDING OLYMPIA MUNICIPAL CODE SECTIONS 15.04.020, 15.04.040, 15.08.010, AND 15.16.010, RELATING TO IMPACT FEES TO ENSURE CONSISTENCY WITH STATE LAW**

**WHEREAS**, in 2023, the Washington State Legislature passed Senate Bill 5258, amending RCW 82.02.060(1) to require cities to set impact fees based on “the square footage, number bedrooms, or trips generated” in the housing unit in order to produce a proportionally lower impact fee for smaller housing units and that such proportional fees be in effect six months after the City’s next periodic comprehensive plan update; and

**WHEREAS**, the changes adopted in SB 5258 necessitate updates to Olympia Municipal Code (OMC) to ensure consistency; and

**WHEREAS**, the City adopted the Comprehensive Plan update by Ordinance 7453 on December 16, 2025 and took effect on January 1, 2026; and

**WHEREAS**, the City Council determined at their Council meeting held on June 2, 2026, that the methodology to set park impact fee rates should be based on residential unit square footage; and

**WHEREAS**, this Ordinance is adopted pursuant to Article 11, Section 11, of the Washington Constitution;

**NOW, THEREFORE, THE OLYMPIA CITY COUNCIL ORDAINS AS FOLLOWS:**

**Section 1. Amendment of OMC 15.04.020.** Olympia Municipal Code Section 15.04.020 is hereby amended to read as follows:

**15.04.020 Definitions**

The following words and terms have the following meanings for the purposes of this title, unless the context clearly requires otherwise. Terms ~~otherwise not defined herein in this section~~ are defined pursuant to RCW [82.02.090](#) or given their usual and customary meaning.

A. "Accessory Dwelling Unit" means ~~a dwelling unit that has been added onto, created within, or separated from a single-family detached dwelling for use as a complete independent living unit with provisions for cooking, eating, sanitation, and sleeping~~ a dwelling unit located on the same lot as a principal unit (as defined in OMC 18.02.180(P)). ADUs can be attached to, within, or detached from the principal unit.

B. "Building Permit" means an official document or certification which is issued by the Building Official and which authorizes the construction, alteration, enlargement, conversion, reconstruction, remodeling, rehabilitation, erection, demolition, moving, or repair of a building or structure.

C. "Capital Facilities" means the facilities or improvements included in a capital budget or capital facilities plan.

D. "Capital Facilities Plan" means the capital facilities plan element of a comprehensive plan adopted by the City of Olympia pursuant to chapter [36.70A](#) RCW, and such plan as amended.

- E. "City" means the City of Olympia.
- F. "Council" means the City Council of the City of Olympia.
- G. "Concurrent" or "Concurrency" means that the improvements are in place at the time the impacts of development occur, or that the necessary financial commitments are in place, which include the impact fees anticipated to be generated by the development, to complete the improvements necessary to meet the specified standards of service defined in the Parks Study, the Transportation Study, the Olympia School District Schools Study, and the North Thurston School District Capital Facilities Plan within 10 years of the time the impacts of development occur.
- H. "Department" means the Department of Community Planning and Economic Development.
- I. "Development Activity" means any construction, expansion, or change in the use of a building or structure that creates additional demand and need for public facilities.
- J. "Development Approval" means any written authorization from the City of Olympia which authorizes the commencement of a development activity.
- K. "Director" means the Director of the Department of Community Planning and Economic Development or the Director's designee.
- L. "Downtown" means all properties located within the downtown area, which is currently bounded by: Budd Inlet on the north; Budd Inlet and Capitol Lake on the west; along 14th Avenue extending between Capitol Lake and Capitol Way, then east on 14th Avenue extending to Interstate 5 on the south; Eastside Street on the east; and along Olympia Avenue in a westerly direction reconnecting with the Budd Inlet on the north, including properties owned by the Port of Olympia, as shown in Figure 15-04-1.
- M. "Dwelling Unit" means ~~a single unit providing complete and independent living facilities for one or more persons, including permanent facilities for living, sleeping, eating, cooking, and sanitation needs~~ a residential living unit that independently provides complete living facilities for one or more persons and that includes permanent provisions for living, sleeping, eating, cooking, and sanitation.
- N. "Encumbered" means to reserve, set aside, or otherwise earmark the impact fees in order to pay for commitments, contractual obligations, or other liabilities incurred for public facilities.
- O. "Feepayer" is a person, collection of persons, corporation, partnership, an incorporated association, or any other similar entity, or department or bureau of any governmental entity or municipal corporation commencing a land development activity which creates the demand for additional capital facilities, and which requires the issuance of a building permit. "Feepayer" includes an applicant for an impact fee credit.
- P. "Gross Floor Area" or "GFA" means the total square footage of any building, structure, or use, including accessory uses.
- Q. "Gross Leasable Area" or "GLA" means the total square footage of leasable space in any building, structure, or use, including accessory uses. This does not include common spaces like lobbies, elevator shafts, stairwells, etc.

R. "Hearing Examiner" means the Examiner who acts on behalf of the Council in considering and applying land use regulatory codes as provided under chapter [18.82](#) OMC. Where appropriate, "Hearing Examiner" also refers to the office of the hearing examiner.

S. "High Density Corridor" or "HDC" only includes HDC-1, HDC-2, HDC-3 land use zoning areas and has the same meaning as set forth in OMC [18.06.020](#)(B)(10), (11), and (12).

T. "Impact fee" means a payment of money imposed by the City of Olympia on development activity pursuant to this title as a condition of granting development approval in order to pay for the public facilities needed to serve new growth and development. "Impact fee" does not include a reasonable permit fee, an application fee, the administrative fee for collecting and handling school impact fees, the cost of reviewing independent fee calculations, or the fee for deferring payment of impact fees.

U. "Impact Fee Account" or "Account" means the account(s) established for each type of public facility for which impact fees are collected. The Accounts are established pursuant to OMC [15.04.100](#) and OMC [15.04.110](#) and must comply with the requirements of RCW [82.02.070](#).

V. "Alternative and Independent Fee Calculation" means the park impact calculation, the school impact calculation, the transportation impact calculation, or economic documentation prepared by a feepayer, to support the assessment of an impact fee other than by the use of schedules in chapter [15.16](#) OMC, or the calculations prepared by the Director or the Olympia School District or the North Thurston School District where none of the fee categories or fee amounts in the schedules in chapter [15.16](#) OMC accurately describe or capture the impacts of the new development on public facilities.

W. "Interest" means the average interest rate earned by the City of Olympia, or the Olympia School District, or the North Thurston School District with respect to school fees, in the last fiscal year, if not otherwise defined.

X. "Interlocal Agreement" or "Agreement" means the school interlocal agreement by and between the City of Olympia and the Olympia School District and the school interlocal agreement by and between the City of Olympia and the North Thurston School District, as authorized in OMC [15.04.110](#) herein.

Y. "Living Space" means the total square footage of a residential-dwelling unit, excluding garages and accessory structures.

~~YZ.~~ "Low-income housing" means housing for which the with a monthly housing expense of the occupant(s), ~~that~~ is no greater than thirty percent of eighty percent of the median family income, adjusted for family size, ~~for the county where the project is located~~ Thurston County, as reported by the United States department of housing and urban development.

ZAA. "North Thurston School District" means the North Thurston School District No. 3.

~~AABB.~~ "North Thurston School District Capital Facilities Plan" means the North Thurston School District No. 3's capital facilities plan, as the same may be amended or updated.

BBCC. "Occupancy Permit" means the permit issued by the City of Olympia where a development activity results in a change in use of a pre-existing structure.

~~CEEDD.~~ "Olympia School District" means the Olympia School District No. 111, Thurston County, Washington.

~~DD~~EE. "Open Space" means for the purposes of this title undeveloped public land that is permanently protected from development (except for the development of trails or other passive public access or use).

~~EE~~FF. "Owner" means the owner of record of real property, or a person with an unrestricted written option to purchase property; provided that, if the real property is being purchased under a recorded real estate contract, the purchaser is considered the owner of the real property.

~~FF~~GG. "Parks" means parks, open space, and recreational facilities, including ball fields, golf courses, athletic fields, soccer fields, swimming pools, tennis courts, volleyball courts, neighborhood parks, community parks, special use parks, trails, and open space.

~~GG~~HH. "Parks Study" means the City of Olympia Park Impact Fee Study dated October 2022, and as amended.

~~HH~~II. "Planned Residential Development" or "PRD" has the same meaning as set forth in chapter [18.56](#) OMC.

~~II~~JJ. "Project Improvements" means site improvements and facilities that are planned and designed to provide service for a particular development or users of the project and are not system improvements. No improvement or facility included in a capital facilities plan adopted by the Council may be considered a project improvement.

~~JJ~~KK. "Proportionate share" means that portion of the cost of public facility improvements and facilities that are reasonably related to the service demands and needs of new development. The proportionate share will be calculated by the methods required by RCW [82.02.060](#), and as set forth in the Park Rate Study.

~~JJ~~LL. "Public Facilities" means the following capital facilities owned or operated by the City of Olympia or other governmental entities: (1) publicly owned parks, open space, and recreational facilities; (2) public streets and roads; and (3) public school facilities.

~~KK~~MM. "Residential" or "Residential Development" means all types of construction intended for human habitation. This includes single-family, duplex, triplex, and other multifamily development.

~~LL~~NN. "Olympia School District Schools Study" means the "Olympia School District - Rate Study for Impact Fees for School Facilities, 1994," and as amended.

~~MM~~OO. "Senior Housing Development" means a residential development of 10 units or more that is occupied exclusively by residents 55 years of age or older. In order to qualify for the "Senior Development" impact fee rate, a restrictive covenant is required to be placed on the deed limiting the development to residents 55 years of age or older.

~~NN~~PP. "Single Room Occupancy ~~Dwelling Unit~~" means a housing type consisting of one room, with private or shared bathroom facilities and cooking facilities that are either in the room or shared.

~~OO~~QQ. "Square Footage" means the square footage of the gross floor area of the development.

~~PP~~RR. "State" means the State of Washington.

~~QQ~~SS. "System Improvement" means a public facility that is included in the City of Olympia's capital facilities plan, the Olympia School Study, or the North Thurston School District Capital Facilities Plan and ~~that are is~~

designed to provide service to service areas within the community at large, in contrast to project improvements.

RRTT. "Transportation Study" means the City of Olympia Multimodal Transportation Impact Fee Rate Study dated October 2020, and as amended.

**Section 2. Amendment of OMC 15.04.040.** Olympia Municipal Code Section 15.04.040 is hereby amended to read as follows:

**15.04.040 Assessment of impact fees**

A. The City shall impose and collect impact fees, based on the schedules in chapter [15.16](#) OMC, or an alternate fee calculation as provided for in OMC [15.04.050](#), and the applicable interlocal agreements pursuant to OMC [15.04.110](#), from any applicant seeking development approval from the City for any development activity within the City, where such development activity requires the issuance of a building or occupancy permit. This includes the development of residential, commercial, retail, office, and industrial land, and includes the expansion of existing uses that creates a demand for additional public facilities, as well as a change in existing use that creates a demand for additional public facilities. Per RCW [36.70A](#), for each category of impact fees, the impact fees imposed on Accessory Dwelling Units may not exceed 50 percent of those assessed for a single-family residence or principal unit on the same lot.

B. The Director shall determine whether a particular development activity is subject to impact fees under this chapter. The Director shall make such determination in writing and such determination is subject to appeal under the procedures set forth in OMC [18.70.170](#).

C. The following development activities are not subject to some or all impact fees:

1. Alteration of an existing nonresidential structure that does not expand the usable space or add any residential units is not subject to transportation, park, or school impact fees.
2. Miscellaneous improvement, including fences, walls, swimming pools, mining, dredging, filling, grading, paving, excavation or drilling operations, and signs is not subject to transportation, park, or school impact fees.
3. Demolition or moving of a structure is not subject to transportation, park, or school impact fees.
4. Expansion of an existing structure that results in the addition of 120 square feet or less of gross floor area, or in the case of park impact fee calculation, living space, is not subject to transportation, park, or school impact fees.
5. Replacement of a structure with a new structure of the same size and use at the same site or lot when such replacement occurs within 72 months of the demolition or destruction of the prior structure is not subject to transportation, park, or school impact fees. Replacement of a structure with a new structure of the same size must be interpreted to include any structure for which the gross square footage of the building will not be increased by more than 120 square feet. However, any additional residential unit that is created in the replacement is subject to park, transportation, and school impact fees, and any additional gross floor area greater than 120 square feet added in the replacement is subject to transportation impact fees.
6. The creation of an accessory dwelling unit is not subject to school impact fees.

7. A single room occupancy dwelling is not subject to school impact fees.
8. A change in use where the increase in trip generation is less than the threshold stated in OMC [15.04.040](#)(E) is not subject to transportation impact fees.
9. Expansion of an existing residential structure that does not increase the number of residential units is not subject to school impact fees.

D. Applicants seeking development approval from the City for residential developments where the property is located outside the boundaries of the Olympia School District are not required to pay the school impact fee set forth in OMC [15.16.030](#). Applicants seeking development approval from the City for residential developments where the property is located outside the boundaries of the North Thurston School District are not required to pay the school impact fee set forth in OMC [15.16.030](#).

E. Where a change in use triggers review under the State Environmental Policy Act or increases the trip generation by more than five percent or 10 peak hour person trips, whichever is less, the Director shall calculate a transportation impact fee based on the increases in the trip generation rate.

F. The Director shall assess impact fees at the time the complete building permit application is submitted for each unit in the development, using either the impact fee schedules then in effect or an independent fee calculation, at the election of the applicant and pursuant to the requirements set forth in OMC [15.04.050](#).

G. An applicant that has been awarded credits prior to the submittal of the complete building permit application pursuant to OMC [15.04.070](#), shall submit, along with the complete building permit application, a copy of the letter or certificate prepared by the Director pursuant to OMC [15.04.070](#) setting forth the dollar amount of the credit awarded. Impact fees, as determined after the application of appropriate credits, are collected from the feepayer at the time the building permit is issued or prior to final building inspection as set forth in subsection (H) of this section.

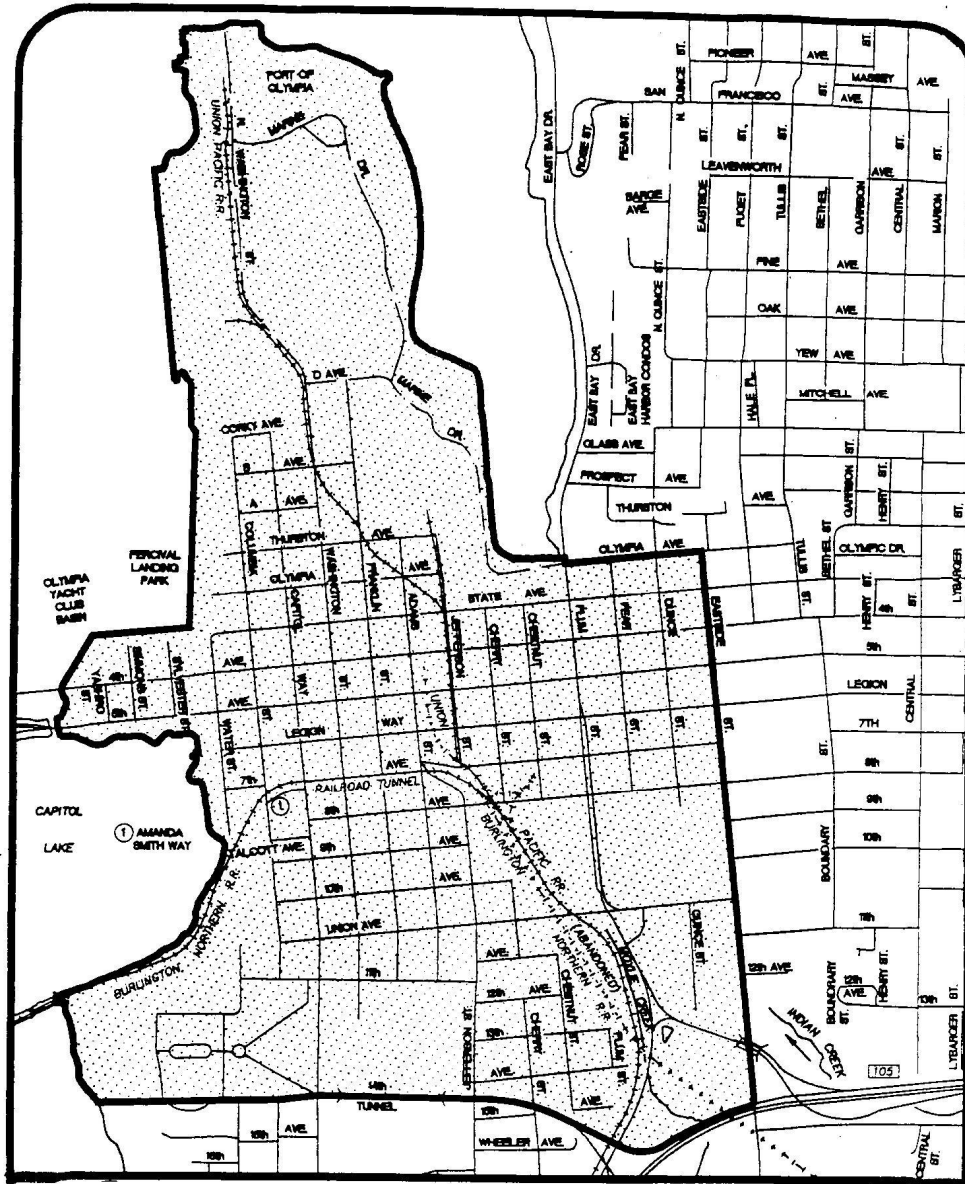
H. Where the impact fees imposed are determined by the square footage of the development, the impact fee is based on the size and type of structure proposed to be constructed on the property. If the final square footage of the development is in excess of the initial square footage set forth in the building permit, any difference will be adjusted at the time that a certificate of occupancy is issued or the time that the building is occupied, using the rate schedule in effect at the time of permit application.

I. Except as provided in subsection (J) of this section, the Department shall not issue a building permit unless and until the impact fees required by this chapter, less any permitted exemptions, credits, or deductions, have been paid.

J. Impact fee payments may be deferred until prior to the City conducting a final building inspection. An applicant or legal owner of the property upon which the development activity allowed by the building permit is to occur must sign an Impact Fee Deferral Agreement in a form acceptable to the city attorney. The applicant shall pay a \$50 administrative fee, along with fees necessary for recording the agreement in the office of the Thurston County Auditor.

K. In the event that the fees are not paid within the time provided in this section, the City may institute foreclosure proceedings under the process set forth in chapter [61.12](#) RCW, except as revised herein. The then-present owner shall also pay the City's reasonable attorney fees and costs incurred in the foreclosure process. Notwithstanding the foregoing, the City may not commence foreclosure proceedings less than 30 calendar days

prior to providing written notification to the then-present owner of the property via certified mail with return receipt requested advising of its intent to commence foreclosure proceedings. If the then-present owner cures the default within the 30-day cure period, no attorney fees or costs will be owed. In addition, the City retains its full authority to withhold inspections and to suspend, revoke, or refuse to issue occupancy and other building permits and to commence enforcement actions due to non-payment of impact fees.



**FIGURE 15-04-1**  
**Downtown Deferred Impact Fee Payment Option Area**

**(Grey Shaded Area Only)**

*Note: This map is for illustrative purposes only.*

*For exact description of area, see Section [15.04.020](#) Definitions.*

**Section 3. Amendment of OMC 15.08.010.** Olympia Municipal Code Section 15.08.010 is hereby amended to read as follows:

15.08.010 Park impact fee

A. The park impact fee set forth in Schedule A (Section 15.16.010), attached to this title, is generated from the formula for calculating impact fees set forth in RCW 82.02.060 and the Parks Study, which is incorporated herein into this title by reference. Except as otherwise provided in Sections 15.04.050, 15.04.060, and 15.04.070, all new residential developments in the City will be charged the park impact fee in Schedule A (Section 15.16.010).

B. The park impact fees in Schedule A will be reviewed annually to consider adjustments to the fees to account for increased costs of labor, construction materials and real property. The City Council intends that such review should occur concurrently with the annual review of the Capital Facilities Plan element of the City's Comprehensive Plan.

**Section 4. Amendment of OMC 15.16.010.** Olympia Municipal Code Section 15.16.010 is hereby amended to read as follows:

**15.16.010 Schedule A, Park Impact Fees**

For the purposes of calculating park impact fees, For complete building permit applications, "Living sSpace" means the total square footage of a residential dwelling unit, excluding garages and accessory structures. Per RCW 36.70A, for each category of impact fees, the impact fees imposed on Accessory Dwelling Units may not exceed 50 percent of those assessed for a single family residence or principal unit on the same lot. The following schedule applies to residential development:

| Land Use         | Unit of Measure   | Rate   |
|------------------|---|--|
| Residential Unit | <del>Habitable Living Space square</del><br><u>footaget</u> | \$3.92 with minimum fee/unit<br>\$3,187.93 and maximum fee/unit<br>\$13,720.00 |

**Housing Type:**

**TYPE OF DWELLING UNIT**

|  |                    |
|--|--------------------|
| <del>Single Family including Manufactured Homes on individual lots, Townhouses</del>   | <del>\$6,995</del> |
| <del>Multi-Family including Apartments, Duplex, Triplex, Fourplex, Cottage Housing, and Courtyard Apartments</del>                       | <del>\$5,991</del> |
| <del>Units in Senior Housing Developments (including single family units)</del>  | <del>\$5,991</del> |
| <del>Mobile Home in Mobile Home Parks</del>  | <del>\$5,230</del> |
| <del>Single Room Occupancy Units, Studios, Accessory Dwelling Units</del>  | <del>\$2,991</del> |
| <del>Downtown Multi Family (including apartments, Duplex, Triplex, Fourplex, Cottage Housing, Courtyard Apartments) and Townhouses</del> | <del>\$4,709</del> |

**Section 5. Corrections.** The City Clerk and codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

**Section 6. Severability.** If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the Ordinance or application of the provisions to other persons or circumstances remains unaffected.

**Section 7. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 8. Effective Date.** This Ordinance takes effect July 1, 2026, as provided by law.

---

MAYOR

**ATTEST:**

---

CITY CLERK

**APPROVED AS TO FORM:**

*Michael M. Young*  

---

SENIOR DEPUTY CITY ATTORNEY

**PASSED:**

**APPROVED:**

**PUBLISHED:**