Park Impact Fees 101

What are park impact fees?

Park impact fees, or PIFs, are fees assessed on construction of new residential housing to help pay for park acquisition and development. Clark County and the City of Vancouver instituted PIF programs in the 1990s to provide an ongoing revenue source for additional urban parks and natural areas.

The program establishes level of service standards for urban parks, including neighborhood parks, community parks and urban open space. PIFs are collected on residential development to serve future residents, as part of the general philosophy that growth should pay for growth. Level of service standards are adopted through parks, recreation and open space plans.

Park impact fees enable proactive planning for acquisition and development of urban parks and natural areas needed to serve growth.

PIFs are calculated, collected and spent in 10 different park districts. Since the program's inception, PIFs have enabled the acquisition and development of hundreds of acres of parks and natural areas.

Are there state laws that regulate the collection and use of PIF funds?

State statute (RCW 82.02) authorizes Washington counties and cities to collect impact fees to "ensure adequate facilities are available to serve new growth and development."

Impact fees must be spent on projects that are related to the impacts of new development. They cannot be used to correct pre-existing deficiencies or to pay for maintenance costs. They also cannot exceed a proportionate share of the total cost for system improvements.

Impact fees may be collected for parks, roads, schools and fire protection facilities that are part of adopted capital facilities plans. In 2011, the Washington Legislature extended the period during which impact fees must be spent, from six to 10 years. If impact fees are not spent within 10 years following collection, they must be refunded.

Collecting impact fees is one way that counties and cities generate revenue to comply with a general concept known as "concurrency," which is one of planning goals in Washington's Growth Management Act. Concurrency requires that roads, parks and other facilities needed to serve growth be built roughly the same time, or concurrently, with growth.

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The goal for public facilities and services says: "Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards."

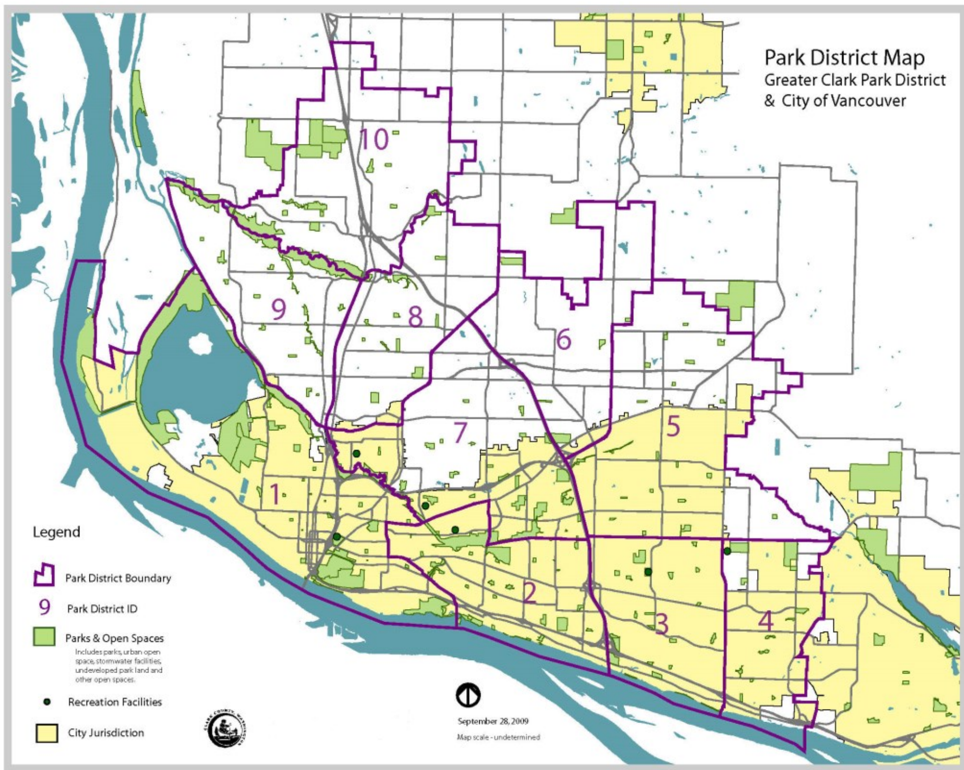
Who pays PIFs?

The developer or builder for single-family or multifamily residential development pays PIFs at the time building permits are issued. The cost is typically passed on to residents, either through a home's one-time selling price or ongoing rent payments. At the discretion of Clark County Parks, developers also can dedicate and/or develop parks within their projects instead of paying PIFs.

What are park impact fee districts?

The Vancouver urban area (including the city and all areas within its urban growth boundary) is divided into 10 PIF districts. Fee calculation, collection, accounting and spending are tracked separately within each PIF district.

The districts were drawn to reflect natural and manmade barriers to circulation, irrespective of jurisdictional boundaries, and automatically adjust following annexations. Districts were designed so sufficient PIF revenue would be generated to support a reasonable level of park acquisition and development. PIF revenue collected in a district must be spent in that district.



How are PIF rates calculated?

PIFs are determined for each district by calculating the cost of acquiring and developing parkland to serve growth. The calculation includes an "adjustment factor" representing user fees, debt service payments and other payments by new development for park system improvements. Fees are calculated separately for each park district. PIF rates, once established or updated, are fixed until modified by county or city action.

(Acquisition Cost + Development Cost) – Adjustment Factor = PIF

How often are rates updated?

In 2007, the county and city jointly revised the Vancouver-Clark Parks & Recreation Comprehensive Parks, Recreation and Open Space Plan. Revisions included removing the PIF fee schedule and district boundaries and transferring them to a separate document, known as the Park Impact Fee Technical Document.

This was done to allow future updates without requiring coordination through the comprehensive plan process. A fee indexing methodology was included in the PIF Technical Document for future implementation, at the discretion of Clark County and the City of Vancouver.

County code (CCC 40.630.010) stipulates that PIFs may be may be revised periodically based on financial analysis of park system needs or to account for inflation or deflation. The Board of County Councilors must approve all adjustments. Clark County last updated its PIF rates in 2003.

History of the PIF program

1990 **Clark County:** The Board of County Commissioners establishes park impact fees within the Vancouver unincorporated urban area. Fee collection begins on Jan. 24, 1991. The fee applies only to land acquisition, based on existing land values, a standard of 7.5 acres of urban park land per 1,000 residents and a 5 percent proportionate public share.

1994 **Clark County:** The county makes significant changes to county code to implement Washington's Growth Management Act. Changes to PIFs include establishing "greenspaces" as the development standard for undeveloped sites, allowing closing costs to be included, codifying 6 acres per 1,000 residents as the acquisition standard and authorizing joint city/county administration of impact fees.

1995 **City of Vancouver:** The city institutes impact fees for parks, roads and schools. Park impact fees are based on land and development costs; acquisition and development standards of 6 acres and 4.25 acres per 1,000 residents, respectively; and a 5 percent public share.

1996 **City of Vancouver:** In July, the Vancouver City Council establishes a 0.25 percent real estate excise tax (REET) to fund the city's public share of park development. Revenue generated will be used to address the service level deficit in existing neighborhoods, as state law requires that PIFs be used only to serve new growth.

Clark County: On August 6, 1996, Clark County adopts fundamental changes to its PIF program to fulfill its role in the city-county coordinated effort. A PIF for park development is added, new rates are established, acquisition and development standards are set, and a new 0.25 percent REET is enacted for six years to fund the public share of park development.

1997 **Clark County and City of Vancouver:** The two agencies begin operating a joint parks department, Vancouver-Clark Parks and Recreation.

2002 **City of Vancouver:** PIF rates are reviewed and updated to reflect increases in acquisition and development costs. The city also decides to continue collecting REET and reallocates a portion to transportation. City REET revenue for parks is primarily devoted to paying off debt from community center construction projects.

Clark County: PIF rates are reviewed and updated to reflect increases in acquisition and development costs. Clark County extends REET collection in the urban area for 30 years and redirects 50 percent of the revenue to economic development purposes.

2003 **Clark County:** Clark County adjusts its development rate to reflect increasing costs.

2004 **City of Vancouver:** The City of Vancouver updates acquisition and development rates.

2007 **Clark County and City of Vancouver:** Both agencies jointly update the comprehensive plan to remove the fee schedule and district maps from the plan and readopt them in the PIF Technical Document. A fee indexing methodology also is adopted in the document for future fee adjustments.

2014 **Clark County and City of Vancouver:** On Jan. 1, the agencies dissolve their 17-year parks partnership.

Clark County: On March 1, the county amends county code to provide greater flexibility for PIFs. Future PIFs collected for park acquisition and park development will be deposited in a single fund and can be used for either land acquisition or facility development