

Transportation Impact Fee (TIF) Amendment for Certain Businesses

Shoreline City Council

January 11, 2016

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Format of Discussion

- TIF Background
- Business Community Concerns
 1. TIF creates a disincentive
 2. TIF doesn't tap business growth

Three policy questions

1. Should any business get TIF relief?
2. How should eligibility be defined?
3. Should TIF be deferred or exempted?

Next steps

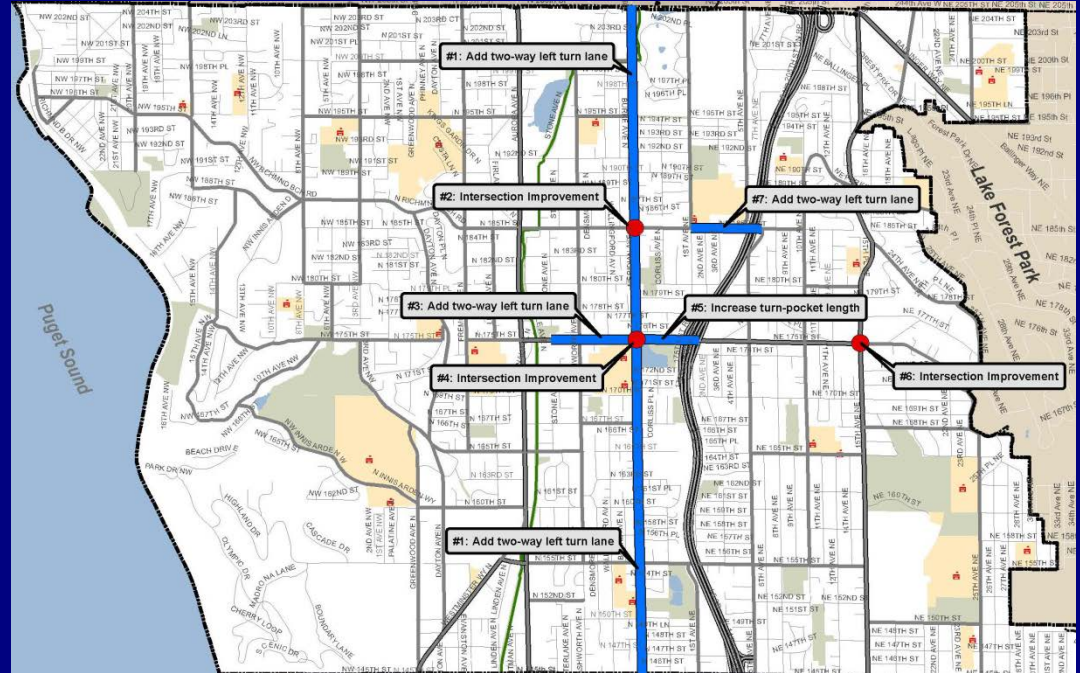
If no amendment, no further action

If amendment, Staff will use policy direction to craft new ordinance for discussion



TIF Background

- Jan 1, 2015
 - 6 projects
 - \$38 million
 - TIF 43%



TIF Background

PM Peak Hour Trips

One trip = \$6,804.62

Size x Rate (type of use) = Trips

Trips x \$6,804.62 - Credit (previous) = Fee

TIF Background

- All trip generators charged TIF
 - New construction
 - Single-family homes
 - Multi-family homes
 - Commercial space
 - Businesses



TIF Background

- Developer charged at building permit
- Business operator charged when
his/her use trips > previous use trips
- No equivalent in residential

TIF Background

- Example: Newly built 1,500sf space
 - Retail/spec construction: \$ 12,210
 - General Office: \$ 16,140
 - Medical Office: \$ 29,325
 - Sit-down restaurant: \$ 34,455
 - Coffee/donut with drive-up: \$100,575

TIF Background

- After credit for existing retail
 - General Office: \$ 3,930
 - Medical Office: \$ 17,115
 - Sit-down restaurant: \$ 22,245
 - Coffee/donut with drive-up: \$ 88,365

Business Community Concerns

1. TIF is disincentive to new businesses
2. TIF doesn't capture business growth
 - Business start-ups are fragile
 - Business growth happens over time
 - Existing businesses should pay for growth

Business Community Concerns

- City's current efforts for new businesses
 - Eliminated vacancy rule
 - Rates adjusted for shared trips
 - Match use from full rate table
 - Split use rates as appropriate (i.e. brewery)
 - Allow applicant to submit study



Policy direction on Question 1

Should a TIF amendment for businesses be considered?



Question 2

DEFINING ELIGIBLE BUSINESSES



7 Basis for Eligibility

1. Size of occupied space
2. Number of employees
3. Revenues
4. Amount spent on improvements
5. Occupy existing space
6. Single location
7. Vision 2029 qualities



A Vision 2029 Business is one-of-a-kind, adding character and a sense of place to Shoreline's neighborhoods. Along with jobs, it provides at least one of the following Vision 2029 goals:

- Unique products and services*
- Entertainment and dining options*
- Neighborhood gathering places*

Policy direction on Question 2

How should eligibility be defined?



Question 3

DEFERRALS OR EXEMPTIONS



TIF Deferrals

- For-sale builders lobbied for deferrals
- Not as helpful for businesses
- State law may not allow
- Collecting from failed business
- If used, 18 – 24 months

TIF Exemptions

- Need for 'broad public purpose'
- Could be discount, 100%, or amount
- City must replace exempted amount
 - Grants
 - General revenues
 - Revenues specifically for transportation

TIF Exemptions

- New revenue from existing businesses
 - Business and Occupation Tax
 - Revenue-generating business license fee
- Implementation
 - Sunset clause
 - Capped amount
 - Report on progress

Policy direction on Question 3

Should deferrals or exemptions
be provided?

Thank you

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