

## Memorandum

**To:** Honorable Mayor Lott and City Council

**From:** Jon Rauscher-Public Works Director

**Cc:** City Manager, Planning and Zoning Director, Community Service Director, Community and Economic Development Officer

**Re: Transportation Impact Fee – Commission Feedback**

**Date:** March 15, 2021

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### Background

Vermont State Statute allows municipalities to collect “impact fees” from new development. The revenue from this fee supports funding to identified capital improvements that add capacity to City infrastructure. Specifically, the impact fee under consideration would support funding for transportation capacity improvements. These improvements include all transportation modes, vehicles, bicycles and pedestrian improvements. Revenue from fees may only be used on identified capital projects and only the portion of the project that adds capacity (ex. widening a sidewalk). A benefit of this fee is that it reduces the tax burden on existing property owners and places it on developments that are increasing demand on the transportation network. Transportation impact fees are currently used in Burlington, S. Burlington, Williston and St. Albans.

### Impact Fee Implementation Components

In order to implement an impact fee two main components are required;

- **Impact Fee Study** (*Status – Draft Final*)
  - Outlines the need, applicable capital projects, defines the impact fee formula, and growth projections.  
(Link to current study: [https://www.winooski.vt.gov//Current-Initiatives/Transportation Impact Fee](https://www.winooski.vt.gov//Current-Initiatives/Transportation-Impact-Fee))
- **Impact Fee Ordinance** (*Status – Draft needs additional staff and City Attorney review*)



- The ordinance outlines how the impact fee is administered while referencing the impact fee study. The ordinance also identifies any exemptions that the City would like to include.

### **Commission Feedback Request**

As outlined in the Mayor's 12/21/20 memorandum (enclosed), the Housing Commission and Safe Healthy Connected People Commission (SHCP) were asked to provide input on priority projects for potential exemption from impact fees. Below is feedback from the two Commissions.

#### Housing Commission

The Housing Commission recommends exempting as many of the following project types from impact fees as possible (priority order listed):

1. **Family rental units (3 bedrooms or more) that are affordable for low-income households.** Low income is defined here as having an income of less than 80% Area Median Income in Burlington-South Burlington Metropolitan Statistical Area.
2. **Homeownership opportunities with 3 or more bedrooms that are affordable for low- or moderate-income households** (Income below 100% Area Median Income).
3. **Rentals affordable to low-income households** (below 80% AMI) regardless of bedroom count.

For reference, of the current 173 housing units currently permitted or under construction, 29 of these units are categorized as criteria 3, rentals affordable to low-income. Also, the recently presented Champlain Housing Trust development, Butternut Station at 32 Malletts Bay Avenue would fall under criteria 2. Including the Butternut Station development, approximately 25% of the current projects in progress would be exempt from impact fees.



### Safe Health Connection People Commission

The SHCP Commission recommends the following types of development be considered for exemption based on current Masterplan goals (in no specific order);

1. **Childcare/Daycare facilities**
2. **Healthcare** (Discussion centered around the SHCP Masterplan goals #7- improved local provider healthcare access and goal #8 access to mental health and substance use or abuse support)
3. **Food Resources** (Discussion centered around the SHCP Masterplan goal #6 – affordable adequate, food resources)

### **Commission Exemption Discussion**

The proposed Housing Commission exemptions for residential uses can be included in the impact fee ordinance as described above. We will review additional appropriate language for potential incorporation that ensures the units maintain affordability objectives beyond initial construction. This could include a signed covenant that the units remain affordable for at least X number of years and upon conversion to market rate, an impact fee would be imposed.

The SHCP Commission daycare use recommendation can be included in the ordinance exemption as recommended. However, the SHCP recommended items 2. and 3. should be further defined for administrative clarity if included. Impact fees for commercial use are defined as by; land use type with limiting square footage (if applicable).

Therefore, item 3 could be defined as **grocery store, under 10,000 sq. ft.** (limiting square footage to be reviewed with Planning and Zoning)

Also, item 2 could be further defined as **professional substance abuse and mental healthcare providers** as described in the Masterplan goal #8.

### **Municipal Infrastructure Commission – Impact fee projects update**

Unrelated to the exemption discussion, the MIC recently met to review new sidewalk construction priorities. These are streets or partial streets where sidewalks do not exist on with side. The 2017 Transportation Masterplan is our guiding document for planning new



sidewalks. The document currently lists East Spring Street, Hood Street and North Street as priorities. Based on public feedback, two additional streets have been identified for prioritization; Manseau Street and Maple Street.

The MIC approved adding these sidewalks to the priority list. This action allows us to add Manseau and Maple Street sidewalks to the eligible projects list under the impact fee study.

### **Next Steps**

Based on Council feedback on the proposed Commission recommended exemptions, we will revise the draft ordinance language accordingly. Our goal would be to introduce the ordinance in April. Based on the MIC sidewalk feedback, we will also be updating the report to include the Manseau Street and Maple Street sidewalks.



## Memorandum

12/21/2020

**From the Office of the Mayor of Winooski**

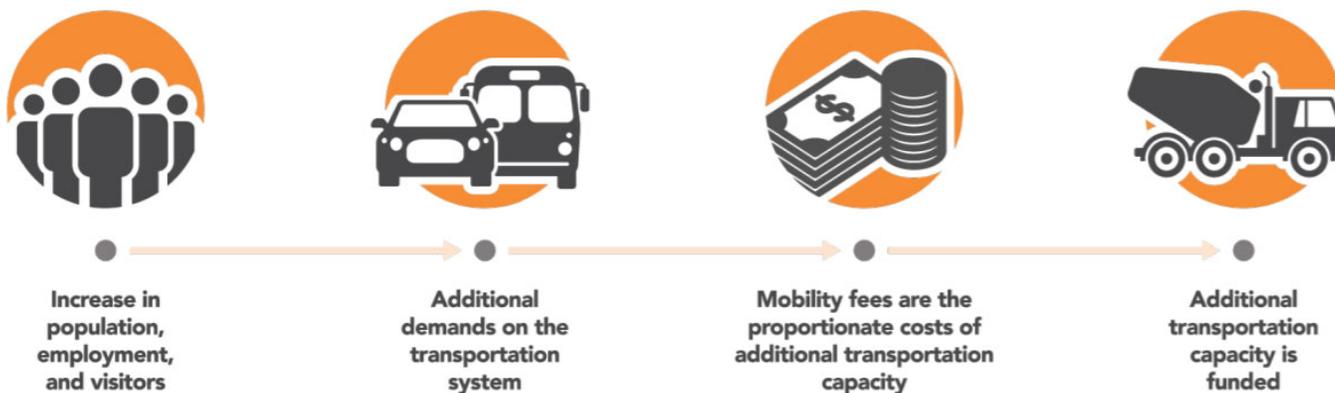
Kristine Lott, Mayor  
klott@winooski.vt.gov

To: Commissions

Re: Transportation Impact Fee

With support from the Chittenden County Regional Planning Commission, the City of Winooski has been investigating whether to implement a Transportation Impact Fee. A Transportation Impact Fee is charged by the local municipality to new development projects. This one-time fee is used to pay for capital improvements needed as a result of the new development (such as added capacity to the local streets). Impact fees are usually found in the form of one-time fees charged to the developers or to new residents to help raise revenue for transportation projects. The fee attempts to repay a portion of the costs local entities encounter providing the facilities needed to service the new development.

In Winooski's local context, when properties redevelop, such as the current projects along Main Street, we will see more people using the road and sidewalks. This can result in degraded service of existing facilities, or increased local spending to upgrade the system increasing capacity for the new users. An example of this is the local commitment made by the residents resulting in our Main Street Revitalization project. An Impact fee helps us recoup some of the costs of the revitalization project directly from the developments that will receive direct benefits from the upgraded facilities.



In order to collect an impact fee, specific projects need to be identified that will increase capacity in the transportation network. A fee cannot be imposed to address existing deficiencies except where they are exacerbated by new development. They also cannot be used to cover normal operation and maintenance or personnel costs. The amount of the fee must also be a proportionate fair share of the costs of the improvements needed to increase capacity to support the new development or redevelopment and must not exceed the cost of the improvements. The CCRPC completed a study of Winooski's anticipated development, planned projects, potential capacity increase generated, and costs, to come up with a proposed fee amount and project implementation.

Proposed projects the fees will support and how much fee could be collected include:

PROJECT DESCRIPTION	LOCAL PORTION OF PROJECT [A]	% OF PROJECT ASSOCIATED WITH NEW CAPACITY [B]	IMPACT FEE PORTION OF LOCAL PORTION [C=A*B]
<b>Main Street Reconstruction</b> Introducing bike lanes to US 2/7 as well as reconstructing vehicle lanes and sidewalks.	\$ 5,300,000	27%	\$ 1,458,000
<b>East Allen Street Project</b> Reconstruct the travel lanes, replace a 5-ft sidewalk on north side and a new 12-ft shared use path on the south side of the project.	\$ 1,600,000	19%	\$ 301,000
<b>Sidewalks</b> New 5' wide concrete sidewalks <ul style="list-style-type: none"> <li>• East Spring (East Allen to Russell St.)</li> <li>• North Street (Pine St. to Cedar St.)</li> </ul>	\$ 777,070	100%	\$ 777,070
<b>Total projects</b>	<b>\$ 7,677,070</b>		<b>\$ 2,536,070</b>

These fees will help reduce the cost of these projects to the average taxpayer in Winooski by proportionally distributing some of that cost back to the developments creating the added capacity need. That said, we know this will also increase the cost of those development projects This could reduce affordability for housing and commercial spaces developed. As such, the Council would like to



exempt certain priority projects and land use types that help Winooski achieve our goals as outlined in the City's Master Plan. We would like commission input on what those priority projects might be. Specifically:

**Housing Commission Ask:**

Affordable Housing projects are often exempted from Impact Fees. Affordable Housing typically includes rents up to 80% of Area Median Income and Homes for purchase up to 120% of Area Median Income. New construction is currently exceeding the City's affordable housing goals but falling short of goals for middle-income housing production. We have heard from our Housing Commission a need for more middle-income housing and family housing (3 bedroom+). Would the commission recommend different targets to include in fee exemption or different criteria for what is considered affordable?

**Safe Healthy Connected People Commission Ask:**

In addition to Affordable Housing, we can choose to exempt other projects that meet community goals. For example, the city has been working for years to bring more access to affordable, quality childcare to Winooski. We could exempt Childcare Centers from this fee. Are there other uses that the commission would suggest prioritizing for exemption?

Should the Council decide to pursue Impact Fees as a revenue source for the identified capital projects, commission input will be used to choose a few priority areas for exemption from Impact Fees in order to try to incentivize development of priority projects.

On behalf of the City Council, we appreciate your input and feedback on these questions as we consider this important policy decision.

Thank you,  
Mayor Kristine Lott

