



## TRANSPORTATION FUNDING AND DEVELOPMENT IMPACT FEES UPDATE FAQs



## FREQUENTLY ASKED QUESTIONS (FAQ) – Transportation Funding and Development Impact Fees Update

### Q: What is the Westside Mobility Plan?

**A:** The City of Los Angeles is developing the Westside Mobility Plan as a long-range vision intended to improve the connectivity of the transit network, better serve all modes of transportation (transit, auto, bicycle and pedestrian), improve the efficiency of the transportation system, and enhance the livability of the major boulevards in Westside communities. As part of the effort, the City is also updating the existing Coastal Transportation Corridor and West Los Angeles Transportation Improvement and Mitigation Specific Plans. These two specific plans require new development to pay updated transportation impact fees. Transportation impact fees are already collected as part of new development, but will be updated as a result of this study.

### Q: What are transportation impact fees and what are the benefits of a fee program?

**A:** A development impact fee program allows for the collection of fees that result in local control of a dependable funding source for leveraging federal and state monies while mitigating impacts and equalizing developer costs, commensurate with surrounding cities that have or are adopting similar fee programs. The collection of fees over the past 20 years has resulted in \$30 million of fees that have been leveraged for grants to fund transportation improvements on the Westside.

### Q: How is a trip fee program developed?

**A:** Under California law, “fees,” as opposed to “taxes,” can be adopted with a study or “nexus” of a development impact fee. The nexus requirements are that (1) an impact fee is directly related to the impacts resulting from the development, and (2) the extent of the fee is roughly proportional to the impacts of the project.

Community and stakeholder participation in the evaluation of the fee study is key to development of the fee program.

### Q: What types of transportation projects can the fee pay for?

**A:** The updated fee would apply to new development on the Westside and would be based on the traffic generated by each new project. The fees would be used to build transportation projects that reflect local priorities and improve the Westside transportation system of streets, transit, bicycle and pedestrian facilities. Fees can fund the capital cost of local projects with a regional benefit, including:

- Roadway projects such as arterial widening, intersection improvements
- Signal synchronization, intelligent transportation systems (ITS)
- Bus and rail transit capital, transit stop enhancements
- Bicycle and pedestrian improvements, travel demand management (TDM)

Operation and maintenance costs cannot be funded with development impact fees.

### Q: Who pays the fee and when?

**A:** Developers pay the impact fee to the City prior to the issuance of any building, grading or foundation permit. A one-time fee is charged to new development based on the number of new trips generated by the new development within the specific plan areas. The updated fee would be assessed on the amount of net new trips resulting from the project. A project’s existing trips would be credited toward the new building/development.

**Q: Do fees pay for the entire cost of local transportation improvements?**

**A:** The fee programs require new development to mitigate their project-specific impacts and to contribute a fair share to complete regional improvements that are needed to mitigate the cumulative impacts. The fair share is based on a “nexus” and is calculated in direct proportion to PM peak hour trips generated by new development. Because new development is not required to pay to improve traffic congestion caused by the existing traffic or by the cut-through traffic with destinations outside the Specific Plan area, the development impact fees represent only a fraction of the total regional improvement costs. As a result, LADOT has relied on the strategy of leveraging the collected development impact fees to secure outside transportation grants to help pay for the remaining costs, primarily by submitting grant applications in the Metro Call for Projects process.

**Q: Why can't state or federal funds be used to pay for local transportation improvements?**

**A:** While the sources of funding for transportation improvement projects have remained relatively unchanged, there has been a general reduction in the amount of expected revenues that were anticipated during the establishment of the Westside fee programs. While local sources of funding are clearly not sufficient to implement the number of transportation programs needed for the future (on the Westside or citywide), additional transportation funding may be expected from federal, state and regional funding sources on both a formula basis and based upon competitive grants. The local transportation funds are valuable as the requisite local match for the federal, state and regional funding grants to implement targeted transportation improvements. Since their inception, approximately \$59M has been generated between the two specific plans, allowing the City to secure an additional \$182M in grant funds by leveraging these fees.

**Q: How long have transportation impact fees been in use in Los Angeles?**

**A:** Transportation impact fees are not new to Los Angeles. The Coastal Transportation Corridor Specific Plan, originally adopted in 1985, was the first impact fee program in the City. The West Los Angeles Transportation Improvement and Mitigation Specific Plan fees were later adopted in 1997. The concept of an incremental fee on new development was vetted carefully

as a means to mitigate traffic congestion impacts through the implementation of additional transportation improvements. Use of similar transportation mitigation programs has since become an important part of the City's Community Plan updates.

**Q: What are the current development impact fee amounts?**

**A:** As of January 1, 2016, the impact fee in the Coastal Transportation Corridor and West Los Angeles Transportation Specific Plan areas are \$8,643 per PM peak hour trip and \$3,498 per PM peak hour trip, respectively. The fee is increased (or can also be decreased) in January of each year by the amount of the percent change in the most recently available City Building Cost Index as determined by LADOT.

**Q: What is the fee based on?**

**A:** The cost per trip is determined by calculating the cost of the portion of new transportation projects needed to mitigate the impacts of new development divided by the number of new trips that would be generated from future growth in that jurisdiction. This cost per trip is then multiplied by the number of net new trips generated by the proposed development to calculate the fee amount.

**Q: How have the transportation projects been selected?**

**A:** The Westside Mobility Plan outreach resulted in the identification of hundreds of suggestions for multimodal improvements. Concurrently, long-range plans and existing transportation agency plans, such as the community plans and Mobility Plan 2035, were reviewed to identify the areas of highest needs, anticipated areas of development, and/or areas experiencing growth. In conformance with state and federal law, the nexus between these projects and the mitigation of congestion (i.e., reduction in vehicle miles traveled) caused by new development on each subregion's arterial network is being evaluated.

**Q: What are the next steps?**


**A:** The City published CTCSP/WLA TIMP Draft Environmental Impact Report and Specific Plan Updates on January 7, 2016. Community meetings are being hosted in January and February. The public comment period for the CTCSP/WLA TIMP Draft Environmental Impact Report begins January 7, 2016 and ends 60 days later on March 7, 2016.

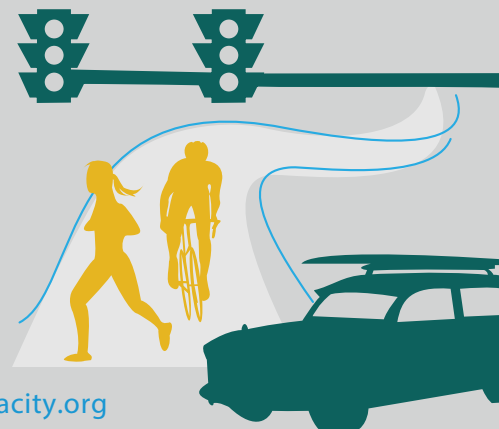
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