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The TUMF Whisperer – Regional Program Tipping Point
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Fiscalization of land use is an often debated topic in government. Sales tax, property tax and employment potential influence development decisions. Are these the housing types we want in our community (apartments or single family homes), the jobs we want to attract (service sector or professional), or open space we need (nature preserve or sports park)? Development Impact Fees (DIF) are required to mitigate the impacts of the land use for which the impact fee applies. WRCOG's TUMF update contains an interesting conundrum.

Between 2009 and 2015, there has been no inflationary adjustment of the fee despite a rebound in the historic cost of infrastructure construction. Today's fee simply may not cover the cost of needed capacity and operational improvements.

The TUMF Nexus Update draft fee calculations are raising questions. Changes in land use assumptions since the 2009 Update is driving a potential 11% increase in the single family residential fee and a 77% increase in the retail development fee per square foot. The disparity can be explained mathematically but at more than $18 per square foot proposed, retail development and its associated sales tax revenue potential could be catastrophically hampered -- particularly in cities bordering neighboring counties without this magnitude impact fee burden.

There is a temptation to artificially subsidize certain land uses or even transfer impact assignments to other land uses. Other funding schemes proposed include requiring match funding, excluding certain necessary infrastructure cost and elimination or reduction of developer fee credit for in-lieu construction. Ultimately, impact fee programs are financing mechanism for infrastructure. Charge too little and the improvements cannot keep pace with the cumulative impacts of growth. Charge too much and housing supply and jobs creation cannot grow to accommodate demand.

Ultimately, the proposed Western Riverside TUMF network may be too big. Scaling the regional system back to focus on backbone grid roads, inter-jurisdictional connectivity and interchanges while shifting the responsibility for lower volume roadways to local funding mechanisms may be the answer. The net result enables local agencies to make policy decisions that drive their land use rather than a regional program that could limit flexibility.

About the Author

Paul Rodriguez advises public and private clients regarding transportation planning and funding strategies as a Principal at Rodriguez Consulting Group. Mr. Rodriguez brings unique perspective to a variety of issues as a consultant, elected official, and former regional agency staffer. Comments, questions or suggestions for future topics can be sent to Paul@RodConGrp.com.