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New Transportation Fee Threatens to Cripple County's Commercial, Industrial Development

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The San Diego Board of Supervisors approved a Transportation Impact Fee (TIF) that threatens to cripple commercial and industrial development in the unincorporated areas.

The amount of the TIF varies, but is as high as $60 a square foot for commercial projects, $9 a square foot for industrial projects, $17 a square foot for office and $10,000 per unit for residential development.

This fee, added to the fees and other exactions already burdening new development, may well make commercial and industrial projects economically infeasible in the county.

At a minimum, the TIF puts projects located in the unincorporated areas at a competitive disadvantage to projects in the surrounding cities, where comparable traffic impact fees are significantly lower.

As a result, commercial and retail development likely will build outside of the unincorporated areas, and the sales tax revenues they generate will go elsewhere as well.

The supervisors expressed concern over the loss of revenue and jobs, but nonetheless approved the TIF on a 4-1 vote, with Supervisor Ron Roberts voting against it. Even the industry was torn, however, since lack of a traffic mitigation fee program has created a logjam for more than 200 projects at the county over the past 18 months.

Many developers, while unhappy with the amount of the fee, are willing to pay it to keep their projects moving forward. Nonetheless, the National Association of Office and Industrial Properties (NAIOP) and the Building Industry Association (BIA) are considering challenging the exorbitant fee, arguing it substantially over-sizes roads and that it is not roughly proportional to the impacts caused by the development asked to bear the burden of the fee.

Determining the proportion, or "fair share," of road improvements that should be borne by new development is not an easy task. Road improvements are not like sewer and water improvements, where the percent of use per new unit of development is relatively easy to assess.

One can measure the amount of water going in and sewer coming out of a new development, but accurately measuring the traffic coming and going on surrounding road systems due specifically to one development is much more problematic.

Roads are traveled not only by people going to and from a new development, but by the general public as well. It is all of these vehicles that result in the congestion, not just the "new " trips.

Adding to the inherent difficulties of assessing new development for a road system that serves the general public is the fact that the TIF's "cost projections" for the new roadways is based on estimates of non-specific "lane-miles."

The county TIF does not account for the fact new development is frequently responsible only for a fraction of the need for an entire lane of roadway, but is being asked to pay for the full lane mile cost.

The BIA and NAIOP have also pointed out that the TIF does not quantify new roadway usage or needs specifically attributable to projected new development by type or location.

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Moreover, the TIF does not consider the possibilities of other factors that may reduce impacts on transportation facilities.

For example, the use and significance of public transit may increase over the life of the TIF program. "Smart growth" and transitoriented development policies may prove effective, and other programs and lifestyle changes may reduce individual trips per household. Changes in volumes of truck traffic, port and airport usage, household size or affluence, and numbers of vehicles per household are also expected to change over the life of the program, but were not accounted for in determining the amount of the fee.

Also not accounted for in developing the fee program was the fact that, if office and retail projects are forced outside the county, residents who would otherwise work or shop in their neighborhood will be forced to drive further.

Ironically, the TIF could actually cause traffic to get worse, as people are forced to drive further when office and commercial projects cannot economically be built near their homes.

Moreover, while the TIF is intended to provide full cumulative traffic mitigation for all projects, it does not include any mitigation for interstates.

Consequently, a project opponent may still challenge a development's traffic mitigation by arguing that the cumulative traffic impacts to interstates remains significant and unmitigated.

Thus, whether or not the TIF solves either problem it was designed to address (allowing the county to determine all cumulative traffic impacts have been fully addressed, and reducing traffic congestion) remain unresolved.