



Tiny Homes, Townhouses, Duplexes, Triplexes & Fourplexes: Utility Fees

August 2017

Question: Should size of housing unit be considered differently for sewer/water and stormwater 'hook-up' fees?

Current Olympia Approach:

City of Olympia General Facilities Charges (GFCs) and LOTT Capacity Development Charges (CDCs) are assessed on new development (and redevelopment over certain sizes). Also called 'hook-up fees', GFCs and CDCs cover the cost impact to the overall utility system of serving that additional development. Generally, this means the cost of moving stormwater, drinking water or wastewater to or from the property, and treating it to state or federal standards. In addition to paying GFC, CDCs and permit fees, the property owner is responsible for the cost of constructing a distribution system on private property, and connecting it to the utility system (typically within the city street right-of-way or easement).

Current City GFCs and LOTT CDCs for Missing Middle housing types are shown on page 3. Existing provisions that address each of these housing types are:

- Stand-alone tiny houses on a separate lot would be charged the same as a larger single-family house, except for stormwater, which is charged based on square footage of impervious surface and vehicular trips generated (3.16 trips per day).
- ADUs are not charged additional GFCs for sewer or water (unless a separate meter is requested). Stormwater is charged based on square footage of impervious surface and vehicular trips generated (6.65 trips per day).
- Townhome units are each charged the same as a single-family house for sewer and water. On-site stormwater is charged based on square footage of impervious surface and vehicular trips generated (5.81 trips per day).
- Each duplex unit is charged the same as a single-family house; therefore, the charges for a 2-unit duplex are double that of a single-family house.
- Triplexes and fourplexes are charged for sewer at 70% of a single-family house. Water charges are based on the meter size needed for the demand. If units are billed separately, charges for each service would be the same as for a single-family house. On-site stormwater service is charged based on square footage of impervious surface and vehicular trips generated (6.65 trips per day).

What is current approach intended to accomplish?

Generally, as mentioned above, GFCs cover the cost impact to the overall utility system of serving that additional development. Some of the differences mentioned above for smaller housing types are intended to recognize that smaller housing units may have less impact on the overall system than larger single-family houses. If there is a different impact to the overall utility system of certain housing types, the City may consider different GFCs based on that difference in impact.

Alternative Approaches:

The table on page 4 shows some other cities' approaches compared to Olympia, based on 2016 GFC rates. It is difficult to directly compare these cities' charges due to different approaches and units of measure used by each jurisdiction as well as potential differences in overall utility systems. However, based on an overall examination of Olympia's current GFC charges and those of other cities, a few alternative approaches that could be examined for the missing middle housing types addressed in this paper include:

1. For duplexes, townhomes and stand-alone tiny houses, adjust the ERU for City and LOTT sewer utility GFC to 0.7 per unit (70% of a single-family house) – the same as it is for triplexes and fourplexes.
2. For duplexes, townhomes and stand-alone tiny houses, adjust the ADT for the stormwater impacts of increasing the width of city street to 6 or 7 trips per unit – the same as it is for townhomes or triplexes/fourplexes, respectively. This would be 60% or 70% of the ADT for single-family houses.

Analysis:

The factors for consideration discussed by the Missing Middle Work Group are:

- **Affordability**
Adjusting the basis for calculating GFCs for smaller housing types would directly reduce the cost of constructing those units. This may increase the number of missing middle housing units constructed – particularly townhomes and duplexes. It is uncertain what, if any, impact the lower construction costs would have on individual unit's rental rates. However, if an increased number of townhomes and duplexes are constructed, it is likely there will be an overall greater number of housing options that would be at more affordable rents than single-family homes.
- **Variety of housing types**
Increasing the number of missing middle housing units, such as townhomes and duplexes, will increase the variety of housing types in the City overall. If those types of housing are permitted in more zoning districts as well, the variety of housing types will likely increase particularly in neighborhoods that currently do not have many townhomes and duplexes.
- **Ability to accommodate growth**
Increasing missing middle housing types will accommodate more households without increasing the overall area of the city. They primarily will provide housing for households of 1-2 persons, which was 70.4% of Olympia's households in 2010 Census (*The Profile*, Thurston Regional Planning Council). If GFC charges are adjusted for smaller missing middle housing types, it may increase the number of missing middle housing types constructed.

City of Olympia
General Facility Charges (GFC) for
Missing Middle Housing Types¹

Infrastructure Type	Single-family house (incl. tiny house)	ADU	Townhome	Duplex	Triplex	4+ Apartments
City Sewer	\$3,442 [=one Equivalent Residential Unit (ERU)] ²	No additional charge (1 ERU for house and ADU combined)	\$3,442 - 1 ERU	\$6,884 - 2 ERUs (one per dwelling unit)	\$7,228.20 – 3 x 0.7 = 2.1 ERU	\$2,409.40/ dwelling unit (0.7 ERU/dwelling unit)
LOTT Capacity Charge	\$5,579.46 [= one ERU]	No additional charge (1 ERU for house and ADU combined)	\$5,579.46 - 1 ERU	\$11,158.92 - 2 ERUs (one per dwelling unit)	\$11,716.87 - 3 x 0.7 = 2.1 ERU	\$3,905.62/ dwelling unit (0.7 ERU/dwelling unit)
City Water	\$4,180/meter ³	\$4,180/meter (if a separate meter is needed)	\$4,180/meter	\$4,180/meter	\$4,180/meter ⁴	\$4,180/meter ⁴
City Stormwater – on-site	\$0.47/sq. ft. ⁵	\$0.47/sq. ft.	\$0.47/sq. ft.	\$0.47/sq. ft.	\$0.47/sq. ft. Minimum of \$1,190	\$0.47/sq. ft. Minimum of \$1,190
City Stormwater – city streets	\$42.84/ Single-family house (9.52 ADT) \$14.22/ tiny house (3.16 ADT)	\$29.93/ ADU (6.65 ADT)	\$26.15/ Townhome (5.81 ADT)	\$85.68/Duplex (19.04 ADT).	\$89.78/Triplex (19.95 ADT).	\$29.93/Dwelling Unit (6.65 ADT/Dwelling Unit).

¹ Charged at the time of development to connect to City services. Actual cost to construct underground connection to the service is borne by property owner.

² ERU is reduced to \$1,483 in Downtown and other areas with combined Stormwater and Sanitary Sewer service.

³ Same rate for 3/4" or 1" residential meter size. Adding fire sprinkler system can require upgrade from 3/4" to 1" meter.

⁴ Cost is for separately metered units. Apartments are typically not separately metered. However, a separate service is typically required for fire sprinkler system to serve all units (cost to be determined by fire flow needs)

⁵ May be pro-rated if actual impervious surface differs significantly from square footage

Various Cities' Utility General Facility Charge (GFC) - 2016

City*	Stormwater** (sq. ft. impervious surface)	Wastewater/Sewer*** (per Multi-Family Unit)	Drinking Water (2" meter)****	Other Charges*****
Auburn (pop. 67,340)	\$1,190.00 (ESU = 2,600 sq. ft.)	\$2,383.00	\$34,232.00	
Bellingham (pop. 84,850)	\$587.60 (ESU = (0.226/sq. ft.) x (A))	\$61,097.00 (2" meter)	\$32,705.00	
Edmonds (pop. 40,900)	\$799.00 (ESU = 3,000 sq. ft.)	\$2,959.39	\$40,397.00	
Everett (pop. 108,300)	Included in Wastewater/Sewer GFC	\$3,073.00	\$2,051.00 (per unit)	
Kirkland (pop. 84,680)	\$508.00 (ESU = 2,600 sq. ft.)	\$1,988.00 (multi-family project with 5 or more units)	\$27,248.00	\$48,040.00 (Cascade Water Alliance Regional Cap Facility Charge)
Lacey (pop. 47,540)	Project Dependent (based on land use, annexation date, & acreage)	\$3,371.00 (per ERU; ERU = 900 cubic ft. of water per month)	\$39,902.00	\$5,354.57 (LOTT Capacity Development Charge per ERU; ERU = 900 cubic ft. water/month)
Olympia (pop. 51,600)	\$1,190.00 + \$4.50 per average daily vehicle trip (1 unit = 2,528 sq. ft.; vehicle trips based on land use)	\$3,442.00 (per ERU; ERU = 700 cubic ft. of water per month) Downtown: \$1,483.00 (per ERU)	\$20,976.00	\$5,354.57 (LOTT Capacity Development Charge per ERU; ERU = 900 cubic ft. water/month)
Redmond (pop. 60,560)	\$958.00 (ESU = 2,000 sq. ft.)	\$1,600.00 (multi-family project with 4 or more units)	\$29,150.00	\$5,436.00 (Downtown sub-basin stormwater capital facilities charge)
Tumwater (pop. 23,040)	No connection charge (monthly charge based on ERU(s); ERU=3,250 sq. ft.)	\$1,694.00	\$22,532.00	\$5,354.57 (LOTT Capacity Development Charge per ERU; ERU = 900 cubic ft. water/month)

*Population figures are estimates for 2015 from the Washington State Office of Financial Management

**Unit of measurement is an Equivalent Service Unit (ESU) or an Equivalent Residential Unit (ERU), or the amount of impervious surface which is equal to that created by the average single family parcel. Individual cities'

***GFC as applied to a multi-family project, unless otherwise noted.

****GFC as applied to a 2" meter size, unless otherwise noted.

*****Other applicable fees are noted here when available, like charges for regional utility facilities.