

Transportation Impact Fees

What are Impact Fees?

Impact fees are tools Pennsylvania local officials can use to balance transportation safety in their communities with the need for new development. The Municipalities Planning Code (MPC) authorizes local governments to charge impact fees on new development. Revenue generated from these fees helps to pay for off-site transportation capital improvements. When they are based on a comprehensive plan and used in conjunction with a sound capital improvements plan, impact fees can help to ensure there are adequate road facilities to accommodate growth, where and when it is anticipated.

Impact fees typically require cash payments at the time a building permit is issued. They are based on the cost, nature of and size of the development, and are used to finance improvements offsite from, but which benefit the development.



Why Consider Impact Fees?

Increasing numbers of communities nationwide and in Pennsylvania have implemented or are considering impact fees to address:

- ✦ A decrease in state and federal funding for transportation infrastructure improvements
- ✦ An increase in the cost of replacing or expanding public facilities
- ✦ A resistance to increased taxes to pay for these facilities

Impact fees tend to be most useful in municipalities feeling the pressures and effects of growth, or which have significant land available for development or redevelopment.

How are Impact Fees Used?

Often used for transportation and land use planning, impact fees are based on a comprehensive study and plan, which is used to develop a capital improvements plan to help meet future transportation needs. They can help municipalities finance much of the transportation infrastructure investments needed to support new development within a designated service area. Specifically, they help to ensure adequate infrastructure to accommodate growth where and when it is anticipated.

It is important for communities to rely on zoning and other land use regulations, consistent with a comprehensive plan, to influence patterns of growth and to more accurately predict new infrastructure needs.

What are the Steps to Adopt Impact Fees?

The process for implementing impact fees is specifically prescribed in the Municipalities Planning Code (MPC) and involves four steps.

✦ Establish an Advisory Committee

First, a community must set up an advisory committee to review and make recommendations on each of the elements. The advisory committee is required to have representatives from the building, real estate, and development communities. Impact fees do not have to encompass the entire geographic area of a municipality, but can be targeted to areas where growth is expected. Multi-municipal impact fee programs are also a possibility under the law.

✦ Develop the Land Use Assumptions Report

The first step of the advisory committee is to develop the Land Use Assumptions Report. This report is a geographic-specific growth projection for the community. The advisory committee reviews relevant land use and growth data, and makes a projection for a specified planning horizon, typically between 5–15 years.

✦ Prepare the Roadway Sufficiency Analysis

Concurrent with the development of land use assumptions, existing traffic data is collected for preparation of the Roadway Sufficiency Analysis. This analysis is a grading of existing roadway conditions. Once adopted, this document establishes a baseline of existing traffic conditions and identifies any existing deficiencies. Impact fee funds cannot be used to pay for existing deficiencies.

✦ Create the Transportation Capital Improvements Plan

Forecasted growth from the projections is used in conjunction with the Roadway Sufficiency Analysis to forecast future roadway needs based on projected growth. These forecasted roadway deficiencies are compiled to create the Transportation Capital Improvements Plan, which must be adopted by the elected officials. The Transportation Capital Improvements Plan establishes the projects that will be built with impact fees, as well as the fee amount to be charged to developers of new projects.

