

TRANSPORTATION IMPACT FEES

PAVING THE WAY FOR BETTER INFRASTRUCTURE



WHAT ARE IMPACT FEES?

The Municipalities Planning Code (MPC) authorizes local governments to enact ordinances assessing impact fees on new development. Revenue collected from fees is used to pay for roadway improvements to accommodate traffic generated by the new development.

Impact fees typically require cash payments at the time a building permit is issued. Fees are based on the cost, nature, and size of the development, and are used to finance offsite improvements which benefit the development. Impact fees are most useful in municipalities feeling the pressures and effects of growth, or which have significant land available for development or redevelopment.

Fees can pay for 100% of the cost of improvements to municipal roads and help expedite preconstruction phases and leverage state and federal funds for improvements to state roads.

It is important for municipalities 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.

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STEPS TO CREATING AN IMPACT FEE

Any municipality (except a county) with a comprehensive plan may enact an impact fee ordinance. The MPC prescribes four steps:

- ✓ **Establish an Advisory Committee.** The committee must have 7-15 members appointed by the governing body, including representatives from the building, real estate, and development industries.
- ✓ **Develop a Land Use Assumptions Report.** The report must examine land use within a potential impact fee service area and include projections for future development and population growth in the next five years.
- ✓ **Prepare a Roadway Sufficiency Analysis.** A traffic engineer must evaluate the current transportation infrastructure and identify future needs based on projected traffic volumes and development plans.
- ✓ **Create a Transportation Capital Improvements Plan.** The plan identifies the proposed service area, needed improvement projects, cost estimates, schedules, potential funding sources, and amount of project costs that may be paid by impact fees.

DO IMPACT FEES HAVE LIMITATIONS?

Impact fees have several limitations, including:

- ✓ Transportation improvements must be identified in an adopted capital improvements plan for a given service area and must be attributable to and necessitated by new development within that service area. Impact fees must be spent for the purpose they were collected.
- ✓ Off-site road improvements cannot be required of developers without the proper impact fee ordinance in place.
- ✓ Impact fees should not be used to fund general capital improvements or halt growth.
- ✓ Impact fees can only be used to construct facilities that become necessary as the result of new development.

ADDITIONAL RESOURCES

The Governor's Center for Local Government Services provides technical assistance on a variety of planning, land use, and development matters to planning commissions, zoning officers, zoning hearing boards, and other local government officials. For more information visit dced.pa.gov/planning.

The Pennsylvania Department of Transportation (PennDOT) published the *Transportation Impact Fees Handbook* to guide local governments on planning for and enacting an impact fee program. The handbook can be obtained on the Department's website at penndot.gov.

After completing these steps, the municipality can enact an impact fee ordinance and fee schedule following procedures prescribed in the MPC.