



POLICY STATEMENT IMPACT FEES

Background

Impact fees are financial levies imposed on developers or builders to pay for capital improvements within a new development which are assessed to service/accommodate the community. In Pennsylvania, impact fees are authorized for transportation, water and sewer tap-in fees; recreation fees are authorized with the consent of the developer. While impact fees are ultimately used to benefit a community, they also increase the overall cost of housing. When a community imposes an impact fee on new development, the actual costs are passed on to the purchaser through increased lot prices. By reducing the number of prospective buyers who are either able or willing to pay, impact fees can have a devastating impact on local real estate markets.

PAR Position

PAR believes that impact fees hamper and deter development in our nation's communities and is responsible for:

- A disproportionate increase in the cost of new construction;
- Higher costs for new construction which result in upward pressure on the cost of existing properties;
- Urban sprawl as developers seek political jurisdictions without impact fees;
- Reductions in the quality and/or quantity of new construction units due to increased costs;
- Disproportionate disadvantages to lower income households; and
- Reductions in housing opportunity across the income spectrum, for ownership as well as rental.

For these reasons, PAR feels that impact fees are a detriment to Pennsylvania's housing consumers and therefore is opposed to any expansion or increase in existing fees.

PAR does recognize that growing public resistance to higher property taxes has led local governments to seek out other options for raising funds for capital improvements. Many have identified impact fees as the most politically acceptable option. In cases where an impact fee is enacted, PAR strongly believes that guidelines should be in place to ensure accountability for how the impact fee can or will be used. Municipalities must be able to provide a strong correlation between the impact of a new development on the community and the use of the impact fee by the municipality.

*Approved by the PAR Board of Directors
September 2006*