

# TCRPC

## Planning Toolkit Fact Sheet



# Impact Fees

## INTRODUCTION

Growing communities often need to improve or build roads to service new developments. Many municipalities are concerned that these projects will unfairly burden taxpayers instead of new users. Transportation Impact Fees can help identify the cost of transportation projects and allocate the costs of the projects, wholly or in part, to the new users.

Impact fees are set after an intensive study process which evaluates future development scenarios, planning the future transportation needs to serve that development and determining cost estimates. The process includes convening a Transportation Impact Fee Advisory Committee (TIFAC), which must include members of the development industry to guide the process. A Land Use Assumption Study must be conducted to determine the potential build-out of the area in question. A Roadway Sufficiency Analysis (RSA) and Capital Improvements Plan (CIP) must be completed to determine how the system functions and what improvements are necessary to maintain existing levels of service as volumes increase due to development.

Transportation impact fees can only be used on projects necessitated by new development; any projects needed to improve less than acceptable existing levels of service must be funded from the general fund. Impact fees are collected at the issuance of building permits. They are held in an interest bearing, dedicated account. Impact fees can be used to fully fund projects on municipally-owned facilities, but can only fund up to 50% of the cost of projects on federal, state or county facilities.

Due to the extensive study requirements, many municipalities find the cost of developing impact fees either too high, or not worth the return. The PennDOT estimates that the costs of studies and plans could range from \$50,000 to \$65,000[i]. However, a Land Use Assumption, RSA and CIP are good planning tools in their own right and may be beneficial to municipalities pressured by growth.

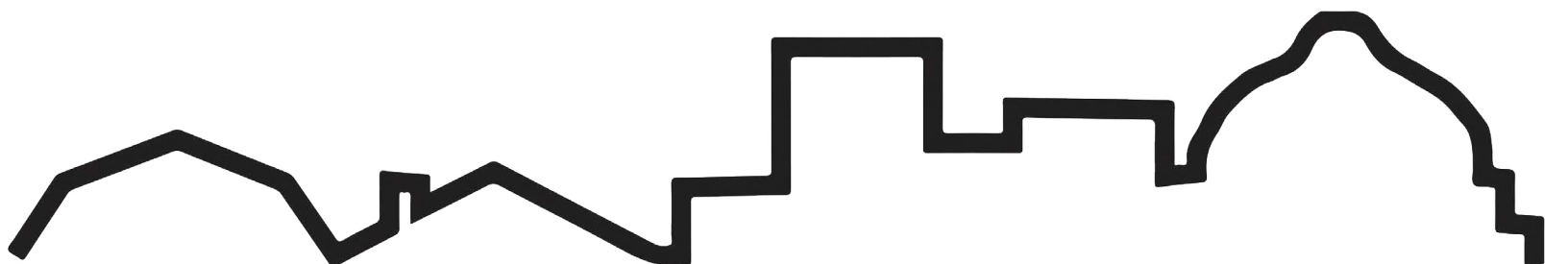
Impact fees are enabled in the Municipalities Planning Code Article V-A. They may apply to all or part of a municipality and may vary by identified Transportation Service Area. Municipalities may jointly adopt an impact fee ordinance provided they have a pre-existing joint comprehensive plan. PennDOT maintains the authority to require off-site road improvements as a condition for obtaining a Highway Occupancy Permit onto state roads.

## BENEFITS

- Shifts transportation costs of new construction onto the new users of the system
- Provides a clear schedule of fees to the development community instead of uncertain, ad hoc negotiations
- Private contributions to transportation system needs lessen the burden on public sources of funding

## DRAWBACKS

- Significant costs associated with preliminary studies
- Perception that impact fees will stifle development by increasing costs
- Impact fees can only be used for facilities that are necessary because of new development
- The requirements for developing and implementing impact fees can be onerous for municipalities



## PRACTICAL TIPS

- Contact your local Metropolitan Planning Organization (MPO) and/or PennDOT for access management policies and to identify state roads
- Contact the staff at TCRPC for technical support
- Engage landowners, developers, and other stakeholders early in the process

## RESOURCES

- **Transportation Impact Fees: A Handbook for PA's Municipalities**
- **Pennsylvania Department of Community and Economic Development, Transportation Impact Fees Factsheet (2019)**
- **Silver Spring Township, Cumberland County, Impact Fee Ordinance (2017)**
- **East Cocalico Township, Lancaster County, Transportation Impact Fee (2011)**
- **Findlay Township, Allegheny County, Transportation Impact Fee Program (2016)**
- **Lower Macungie Township, Lehigh County, Transportation Impact Fee (2009)**
- **Marshall Township, Allegheny County, Impact Free Ordinance (2005)**
- **Mt. Joy Township, Lancaster County, Impact Fee Studies**
- **Murrysville, Westmoreland County, Impact Fee Ordinance**
- **West Whiteland Township, Chester County, Transportation Impact Fee (2015)**



## RELATED TOOLKIT FACT SHEETS

- **Access Management**
- **Complete Streets**
- **Connectivity (Cul-De-Sac Management)**
- **Transit-Oriented Development**

