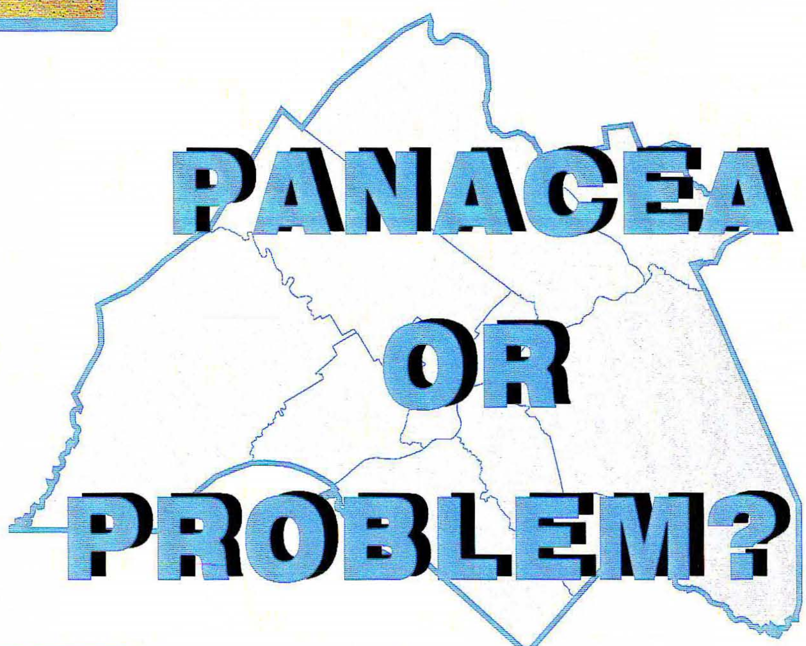
TRANSPORTATION IMPACT FEES:

PANACEA OR PROBLEM?



Delaware Valley Regional Planning Commission

Transportation Impact Fees: Panacea or Problem?

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DELAWARE VALLEY REGIONAL PLANNING COMMISSION
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Created in 1965, the Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency which provides continuing, comprehensive and coordinated planning for the orderly growth and development of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties as well as the City of Philadelphia in Pennsylvania and Burlington, Camden, Gloucester, and Mercer counties in New Jersey. The Commission is an advisory agency which divides its planning and service functions between the Office of the Executive Director, the Office of Public Affairs, and three line Divisions: Transportation Planning, Regional Planning, and Administration. DVRPC's mission is to emphasize technical assistance and services and to conduct high priority studies for member state and local governments, while determining and meeting the needs of the private sector.

The DVRPC logo is adapted from the official seal of the Commission and is designed as a stylized image of the Delaware Valley. The outer ring symbolizes the region as a whole while the diagonal bar signifies the Delaware River flowing through it. The two adjoining crescents represent the Commonwealth of Pennsylvania and the State of New Jersey. The logo combines these elements to depict the areas served by DVRPC.

DELAWARE VALLEY REGIONAL PLANNING COMMISSION

Publication Abstract

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Geographic Area Covered: Nine-county Delaware Valley region, including Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania and Burlington, Camden, Gloucester and Mercer counties in New Jersey.

Key Words:
Impact fees, development exactions, transportation impact fees, Act 47, Act 209, MLUL, Transportation Development Districts, municipal survey

ABSTRACT

This report considers the extent to which municipalities in the nine-county DVRPC region are using transportation impact fees to help finance the costs of new infrastructure and services necessitated by development. The study reviews the history of impact fees and discusses existing impact fee enabling legislation in the State of New Jersey and the Commonwealth of Pennsylvania. The results of a municipal survey on impact fee usage conducted by DVRPC in the Winter of 1998 are discussed, and recommendations to encourage municipalities with high forecasted population growth rates to consider implementing an impact fee requirement are presented, including possible changes to existing state enabling legislation.

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Impact fees are charges imposed on developers to help offset the cost of new facilities and services necessitated by development. Municipalities are authorized to impose transportation impact fees under Act 209 of 1990 (which amended the Pennsylvania Municipalities Planning Code) and Act 47, which allows for the creation of Transportation Development Districts. In New Jersey, the Municipal Land Use Law enables municipalities to collect from developers a pro-rata share of the cost of specific facilities necessitated by their development. As in Pennsylvania, New Jersey law also allows for the creation of Transportation Development Districts.

This report examines the use of transportation impact fees by municipalities located in the Delaware Valley. A brief history of impact fees is presented, followed by a discussion of the impact fee enabling legislation that currently exists in Pennsylvania and New Jersey. The report also includes the results of a municipal survey conducted by the Delaware Valley Regional Planning Commission on impact fee usage throughout the region. Finally, it concludes by presenting recommendations to encourage the adoption of impact fees as an alternative to other funding mechanisms and to increase their effectiveness.

Impact fees can be used by municipalities to assist in mitigating the costs of services and facilities necessitated by new growth. Current enabling legislation and past court decisions require that municipalities undertake various planning and engineering studies as well as capital facilities programming prior to implementing a fee, which forces them to pro-actively plan to meet the needs of their desired future growth. These requirements also ensure that the resulting fee is both sufficient to cover the cost of the necessary improvements and fair for developers.

Impact fees have become increasingly popular with local officials in recent years as an alternative to public financing, since they shift the cost of facilities and services away from current taxpayers. They can only be of assistance, however, in municipalities where problems with the local infrastructure can be directly attributed to new development. They cannot be used to remedy existing deficiencies, but rather must be adopted prior to the onset of growth and used to finance future improvements necessitated by growth. They also are most appropriate when adopted by municipalities that are expected to experience growth over a sustained period of time, since they are collected incrementally as a share of a larger overall cost.

DVRPC's municipal survey identified 25 communities that currently charge transportation impact fees. The survey results indicate that communities already experiencing growth or that experienced significant growth in the past (between 1980 and 1989) are more likely to adopt an impact fee requirement than are communities forecast to grow significantly in the future. Since an impact fee ordinance can take up to a year or more to implement, municipalities that are forecast to experience high growth rates in the future should consider now whether an impact fee requirement can assist them in meeting the demands of future growth.

The majority of the region's municipalities have not yet adopted a transportation impact requirement, including many which are forecast to grow significantly in the future. Impediments that discourage communities from adopting a transportation impact fee include the following :

- A **lack of flexibility** in the kinds of improvements that can be funded using impact fees. Pennsylvania's Act 209, for example, does not allow municipalities to recover their up-front costs associated with planning and engineering studies, allows impact fees to fund only 50% of the cost of state road projects and prohibits funding for transit projects;
- The **time limits** within which municipalities must begin construction of the improvement or initiate the necessary service once a fee has been collected from a developer. In Pennsylvania, for example, municipalities must refund fees collected from developers if construction of the necessary facility or initiation of the necessary service does not occur within three years of collection. Impact fees by definition are collected as a share of a larger overall cost and are collected incrementally as development occurs;
- The **high costs** of the initial studies and plans required before implementing a fee;
- The rule limiting Pennsylvania municipalities to a seven square mile area for collecting impact fees, making it difficult to plan for and finance large scale projects;
- **Confusion over the language** in the existing state impact fee legislation; and,
- **Concern on the part of developers** over being singled out to defray municipal expenses.

Proposed changes to state enabling legislation that would encourage municipalities to use fair and reasonable impact fees as a means of mitigating the costs associated with new development include the following:

- In Pennsylvania, expand the allowable area to more than seven square miles, to encourage broader based planning efforts and to make it easier to plan for and finance large scale improvement projects.
- In Pennsylvania, allow municipalities to recover 100% of the cost of improvements to state roads through impact fee revenues, rather than the existing 50%, and allow them to fund public transit services and facilities.
- In Pennsylvania, allow municipalities to recover the costs of all necessary up-front studies from impact fee revenue, up to a specified maximum amount.
- In New Jersey, clarify the requirements for impact fees promulgated in the existing Municipal Land Use Law (MLUL), and broaden the use of impact fees to include other services and facilities, including education.
- Allow municipalities to develop joint plans and capital facilities programs and charge impact fees throughout a multi-jurisdictional district, to facilitate effective planning for large-scale transportation improvements and to enable municipalities to share the cost of necessary studies and plans.
- Allow developers to pay the required fee over a longer period of time, to reduce their up-front development costs. In return, municipalities should also be allowed to hold impact fee revenue for a longer period of time, to facilitate the construction of long-term and large-scale improvement projects.

I. Background

Impact fees are exactions imposed by municipalities on developers as a condition of plan approval to fund capital improvements necessitated by their development. These fees provide a means by which municipalities can shift the cost burden of providing infrastructure improvements necessary for growth from resident taxpayers to developers. Impact fees have been used to fund off-site transportation improvements, sewer and water facilities, schools and parks. More recently, they have been utilized to raise money for other necessary services and facilities, including affordable housing, job training and day care facilities.

Impact fees have become increasingly popular with local officials in recent years, since they enable municipalities to shift a share of the cost of services and facilities away from local taxpayers (also known as voters). A 1991 nation-wide survey found that 26% of the smaller towns and 36% of the cities surveyed imposed impact fees on new development.[1] Of those jurisdictions imposing fees, 55% of small towns and 38% of cities rated them as highly effective in accomplishing their intended purpose.

Impact fees can only be of assistance in municipalities that are experiencing problems with their infrastructure that can be directly attributed to new development. They cannot be used to remedy existing deficiencies, but rather must be adopted prior to the onset of growth and used to provide funding for future improvements necessitated by growth. They also are most appropriate when adopted by municipalities that are expected to experience growth over a sustained period of time, since they are generally collected incrementally and are typically used to finance long-term capital improvements.

The purpose of this report is to examine the use of transportation impact fees by municipalities located in the Delaware Valley. A brief history of impact fees is presented, followed by a discussion in Chapter II of the impact fee enabling legislation that currently exists in Pennsylvania and New Jersey. The results of a municipal survey conducted by the Delaware Valley Regional Planning Commission on impact fee usage throughout the region are presented in Chapter III. The advantages and disadvantages of using impact fees to finance infrastructure and services necessitated by growth are debated in Chapter IV, and recommended changes to state enabling legislation to make it easier and more effective for municipalities to adopt fee requirements are presented in Chapter V.

History of Impact Fees

Impact fees were initiated in Florida and California in the 1970's in response to escalating growth, restrictive tax systems and declining federal aid for infrastructure improvements. In

[1]Pivo, Gary. *Local Government Planning Tools*, page 17.

California in particular, development fees and exactions have become a primary source of funding for new infrastructure and services.

National surveys have shown that impact fees are imposed more often in California than in any other state, and are generally larger than those imposed in other areas of the country. One study by the Public Policy Institute of California found, for example, that fees and assessments in one California County were typically in the range of $20,000 to $30,000 per unit, often accounting for 10% to 20% of the sales price of new homes.[2]

Historically, property taxes were used in California to finance necessary infrastructure. Proposition 13, however, limited property taxes to 1% of assessed value, forcing cities and counties to seek alternative ways to finance needed improvements. These alternatives generally include state financing, bonds and exactions, which have included impact fees, mandatory dedication of land, or requirements for either on-site or off-site construction of facilities or provision of services. Of these three alternatives, the first two are less than desirable. State funding for infrastructure projects, many of which may be equally necessary and desirable, is limited. Bonding requires payments from current homeowners (which are listed separately but nevertheless collected through property tax bills) and are therefore politically unpalatable. Exactions, however, require payments from a builder, who then passes this cost on to some future homebuyer through an increased sale price. Since this future homebuyer has no current voice on election day, exactions have become the more favorable method of financing.

Two Supreme Court cases have shaped the history of impact fee usage: *Nollan v. California Coastal Commission*[3] (which advanced the principal of rational nexus) and *Dolan v. City of Tigard*.[4] (which defined a two-pronged proportionality test).

In the first case, the California Coastal Commission had required Nollan to dedicate via easement one-third of his beachfront property to permit public beach access, in exchange for permission to tear down an existing beach house and build a larger one. The California Court of Appeals had upheld the requirement as a valid exercise of the police power. The U.S. Supreme Court ruled, however, that there was no reasonable relationship (or nexus) between the impact of over-development on public views of the beach and the conditions attached to the permit.

The Court instead decided that the requirement to provide an easement for additional public access to the beach was in fact a taking of private property to fulfill a governmental

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[2]Dresch, Marla and Sheffrin, Steven. *Who Pays for Development Fees and Exactions?*, published by the Public Policy Institute of California, page 74.

[3]483 U.S. 825 (1987).

[4]129 L.Ed.2d 304 (1994).

purpose without just compensation. The Court specifically noted that if a logical connection (deemed a "rational nexus") could be drawn between the impact that expanding the beach house would have on the public (blocking some public views, for example) and the condition for approval (imposing a height or width restriction in order to limit the negative impact of the project on public views, for example), the requirement would then have been constitutional.

In the case of *Dolan vs. The City of Tigard*, the Dolans were required to dedicate easements for a bike path and a greenway to the City in order to secure the permits necessary to double the size of their existing store and add 39 parking spaces. The City Planning Commission reasoned that the bike pathway system might offset traffic demand on nearby streets and lessen congestion, and that some of the customers and employees of the store might use the pathway for transportation and recreation. The greenway dedication was considered to be justifiable since the expanded building and parking lot would have more impervious surface, resulting in increased stormwater drainage. Thus, the Commission believed that a rational nexus existed between the requirements and the impacts they were designed to mitigate.

The Court, however, ruled that the requirements were not justifiable, since they unfairly required the property owners to provide more compensation than was proportionately fair based on the impacts of the project, either on congestion or on recreational demand. Thus, the Court established a second, more stringent test that required the amount of the fee or exaction to be justified based on the extent of the negative impact created by the development.

Judging the Legality of an Impact Fee Requirement

Two issues generally determine whether an impact fee will be upheld by the courts: the municipality's statutory right to impose the fee and a determination that the requirement is in fact an impact fee as opposed to an unauthorized tax. The first question considered by the courts has traditionally been whether or not the municipality has been empowered by their state to impose an impact fee. Although many states have adopted enabling legislation allowing communities to require on-site dedication of land as a condition of subdivision or site plan approval (for schools or parks, for example), fewer have specifically allowed the imposition of fees to fund off-site or long-term improvements.

In some cases, state courts have ruled that impact fee requirements are an allowable exercise of the municipality's "police power", or their right to protect the general health, safety and welfare of their residents. In both *Billings Properties, Inc. V. Yellowstone County*[5] and *Jenad, Inc. V. Village of Scarsdale*[6], for example, the Montana and New York Supreme Courts held that impact fees were valid regulations under the police power. In the absence of enabling

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[5]144 Mont. 25, 394 P.2d 182

[6]218 N.Y.S. 2d 673, 271 N.Y.S. 2d 955

legislation specifically authorizing impact fees, however, other ordinances have been invalidated for lack of statutory authority. Both Pennsylvania and New Jersey have enacted enabling legislation authorizing a limited use of impact fees, as described in Chapter II. Sound enabling legislation allows the courts to focus more appropriately on the reasonableness of the fee itself.

The issue of enabling legislation is fairly easy for the courts to determine. The second issue, however, becomes less clear. Even those municipalities that are authorized to impose development fees are generally not allowed to impose unfair taxes on some but not all residents. Taxes are collected and spent for the public good, without regard to whether or not each individual taxpayer realizes a proportionate share of the benefit of the expenditure. Impact fees, on the other hand, are meant to provide a specific benefit to those people paying the fee, in direct proportion to the amount that they pay. In order to avoid an impact fee that in reality is an unfair tax, the following points should be incorporated into the ordinance:

- Impact fees should only be used to construct facilities or provide services which have been necessitated by the new development.
- The fee amount should be calculated based on the expected impact of each individual development on new infrastructure and services necessitated by all prospective development, to ensure that developers are paying no more than their fair share of the cost of the necessary improvements. Thus, using impact fees requires that municipalities pro-actively plan for anticipated growth and develop a capital improvements program that addresses the needs of planned development.
- Revenue collected under an impact fee requirement should be put into an escrow account that is separate from the municipalities general fund, to allow specific tracking of impact fee expenditures.
- the fee ordinance should provide for the refunding of impact fees after a specific period of time (10 years, for example) if the improvement for which the fee is collected is not provided.

Alternatives to Impact Fees

As noted, impact fees have gained popularity as a politically acceptable means of financing necessary infrastructure and services. Infrastructure costs can be financed through either public or private means. Traditionally, local or state governments have issued bonds to publicly finance the construction and installation of infrastructure, and used local revenue to service the debt. As an alternative, the debt can be repaid through user fees (such as tolls). Under public financing methods, the entire community shares the cost of the new facilities, regardless of whether or not they actually use them.

The alternative to public financing is private financing. Under private financing techniques, those individuals and businesses who directly benefit from the new facilities or are seen as the underlying cause for needing the new infrastructure share the cost of its installation. Local exactions, including either dedication of land or impact fees, are the most obvious form of private financing. An alternative to impact fees are special financing districts, including special assessment districts and tax increment financing districts.

Both special assessment districts and tax increment financing districts are distinct geographic areas created by local governments for the purpose of raising funds, providing special services and constructing capital facilities within the designated area. In the case of special assessment districts, extra fees or taxes are levied on existing residents in an area in order to pay for additional services or capital facilities within that same area. For example, property owners in Philadelphia's Center City District pay a special assessment that is used to fund services such as enhanced security, streetscapes, lighting and maintenance. These fees are appropriate in areas where the resident taxpayers need or want increased levels of services or improved capital facilities.

Special assessment districts can be used in lieu of impact fees to generate revenue, especially in areas where new development is unlikely or where the municipality wants to limit extra fees as an incentive for in-fill development. They also can be combined with impact fees, especially in areas currently undergoing development. New developers can be required to pay an impact fee, while current commercial establishments and residents can pay increased property taxes or special assessments to offset the cost of necessary infrastructure and services.

Tax increment financing districts differ from special assessment districts in that existing residents are not required to pay any additional taxes or levies. The tax increment is the difference between the total tax revenues after development and a baseline level of tax revenue before development. Part or all of this difference is diverted from general fund revenues and used to service bonds issued by the municipality to finance capital investment and provide increased services within the district. Proponents of TIF argue that it represents the fairest alternative for privately financing infrastructure, since tax bases and rates are uniform throughout the jurisdiction and new and existing residents are therefore treated identically.[7]

Numerous other alternatives to impact fees are being used by municipalities within the Delaware Valley and elsewhere to finance or otherwise secure necessary infrastructure and services. These include mandatory dedications of land, fee-in-lieu of dedication, "voluntary" contributions or sewer or water tap-in fees.

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[7]National League of Cities, *Financing Infrastructure: Innovations at the Local Level.* Washington, D.C.: 1987.

This chapter discusses the existing enabling legislation that authorizes the imposition of development impact fees in Pennsylvania and New Jersey. While focusing on transportation impact fees, it also considers current and prospective use of impact fees for other purposes, including affordable housing and education.

Pennsylvania

Municipalities are authorized to collect transportation impact fees in Pennsylvania through two separate pieces of legislation: Act 47 (which authorizes the creation of Transportation Development Districts) and Act 209.

Pennsylvania's Act 47 of 1985 (amended in 1986) allows one or more municipalities to delineate a Transportation Development District, after completing a comprehensive transportation study that assesses existing conditions in the district and identifies necessary improvements. A transportation improvement program must also be prepared, specifying the scheduling, cost and financing of each required improvement within the district. Properties within the TDD may be assessed a share of the cost of needed improvements, based on funding formulas that determine some "fair and reasonable" share given the projected usage by each property of the facilities or services to be expanded or added. Fees collected within a Transportation Development District may be used to fund a variety of highway and transit improvements.

One example of a TDD within the DVRPC region is the joint transportation authority formed in 1987 between East Whiteland and Tredyffrin townships in Chester County. Major improvements to Routes 202 and 29 were partially funded through bonds sold through the transportation authority. The debt service on the bonds is being paid through an annual assessment levied on all commercial, corporate and industrial properties within the district.

In addition to Act 47, Act 209 of 1990 authorizes municipalities to collect impact fees for those improvements attributable to new development that are designated in a local transportation capital improvement program. Revenue collected through an impact fee requirement may be used to cover land and right-of-way acquisition, legal and planning costs, and other costs directly related to the improvement, including debt service. Townships that plan on adopting a transportation impact fee requirement must establish an advisory committee to guide the process, comprised of 15 to 20 members appointed by the municipal governing body. At least 40% of the committee's members must be representatives of the real estate and development industries.

In order to implement an impact fee requirement, municipalities must define transportation service areas that are no larger than seven square miles each and prepare land use and growth assumptions for each area, for a period of at least five years. In addition, the municipality must also conduct a "roadway sufficiency" analysis that examines existing deficiencies in the transportation network and defines preferred levels of service for all roads in the area in which fees will be imposed.

This analysis must assess the current condition of all the municipality's roads as well as all future necessary improvements; no improvements can be funded through impact fees unless the road has been included in the analysis. A transportation capital improvements plan based on the land use assumptions and the analysis of the existing system must then be developed and adopted, after sufficient public notice and hearings. Finally, an impact fee requirement must be established and adopted by resolution, requiring additional public notice and hearings.

Act 209 requires that this impact fee ordinance delineate the boundaries of the transportation service area and specify how the fee will be administered. Issues to be addressed include the conditions under which the fees will be imposed; the municipal agency that will be responsible for administering the ordinance; the timing, method and procedure for making payments; and a process for issuing credits or obtaining reimbursement of the fee. The law also provides that the impact fee be calculated based on the peak hour trips that will be generated by the new development, using the criteria established in the *Trip Generation Manual* published by the Institute of Transportation Engineers (ITE). The cost per peak hour trip is calculated by dividing the total cost of new improvements necessitated by all new development in the district, as identified in the capital improvements, by the total number of peak hour trips that will be generated by all forecasted development within the TDD.

Impact fees collected within the service area may be used to fund only eligible transportation improvements located within the service area from which they were collected. The law also allows townships to use impact fees to pay for the following costs, provided they have been shown through the required studies to be attributable to new development:

- costs incurred for transportation improvements designated within their transportation capital improvements plan;
- engineering, legal and planning costs associated with improvements designated within their plan;
- acquisition of land and right-of-way; and,
- other costs directly related to transportation improvements within the defined area.

Municipalities are allowed to use impact fees to pay consulting costs for developing their roadway sufficiency analysis. They cannot, however, use impact fee revenue to fund the development of either their land use assumptions report or the transportation capital improvement program. Additionally, Pennsylvania's impact fee legislation specifically prohibits municipalities from:

- constructing, acquiring or expanding municipal services not identified in the local transportation capital improvements program;

- upgrading, expanding or replacing existing capital facilities that serve existing developments in order to meet stricter standards not attributable to new development;
- using impact fees to repair, operate or maintain existing transportation facilities;
- making roadway improvements necessitated by pass-through traffic;
- using impact fees to pay for any public facilities other than transportation; or,
- using impact fee revenues to finance public transit services or facilities.

The majority of the Commonwealth's municipalities are currently not collecting transportation impact fees under either Act 47 or Act 209. The Pennsylvania Department of Community and Economic Development (DCED) conducted a survey of local governments in 1995 to assess the usage of impact fees as a financing tool within the state. That survey found that only 30 of the Commonwealth's 2,571 municipalities were using transportation impact fees to finance transportation infrastructure, with approximately 75% of those communities located in either Berks, Bucks, Lehigh or Montgomery County. The same survey found that at least one-half of the 20 fastest growing counties in the Commonwealth have no municipalities that impose fees under either Act 47 or Act 209, and that 18 of the 25 fastest growing municipalities in the Commonwealth (based on population increases between 1990 and 1995) were not imposing impact fees.[8]

In addition to existing state enabling legislation allowing transportation fees, several bills have been introduced which would expand the ability of the Commonwealth's municipalities to impose impact fees. These include Senate Bill 112, which would authorize fees for recreational improvements, and House Bill 577, which deals with impact fees for educational purposes. As of this date, both of these bills had been referred to their respective Committees on Local Government.

New Jersey

In New Jersey, the Municipal Land Use Law (MLUL) authorizes municipalities to require developers to pay a one-time fee for off-site improvements necessitated by their development, including water, sewer and drainage facilities. The law requires, however, that the developer be required to pay only a pro-rata share of the cost of improvements necessitated by his development, and does not allow municipalities to use impact fee revenue to pay for any long-range transportation improvements. A fee for street improvements is also authorized, but can only be charged if the municipality has adopted both an impact fee ordinance and a Master Plan that includes both a circulation plan and a transportation element.

New Jersey law also allows the collection of impact fees in areas designated by the state as a Transportation Development District (TDD), under the Transportation Development Act.

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[8]Santoro, Daniel D. *Transportation Impact Fees*, published in The Pennsylvania Planner, June, 1998.

Unlike Pennsylvania's Act 47, however, New Jersey's Transportation Development District Act (adopted June 26, 1989) encourages a regional approach to funding improvements, designating county governments as lead agencies and providing opportunities for participation in planning efforts by state, local and private representatives.

Counties may apply to the New Jersey Department of Transportation (NJDOT) for designation of a TDD in all or part of their county, based on clear evidence of current and projected growth and an assessment of transportation needs generated by that growth. Additionally, the county must verify that the creation of the district conforms to both an adopted county master plan and the State Development and Redevelopment Plan. Once the district is approved by the state, the county must then initiate a joint planning process involving state, local and private sector representatives and produce a plan that:

- defines goals and priorities for the TDD;
- identifies necessary transportation improvements within the district; and,
- develops a financial plan that: estimates the cost of the improvements; identifies prospective funding sources; and defines a formula for determining the amount of the fee to be charged to prospective development (based on criteria such as number of trips generated, square footage, the number of employees or the number of parking spaces).

The draft plan, including both the goals and priorities for the district as well as a financial plan establishing how necessary improvements will be funded, must go to public hearing before it is submitted to the NJDOT for approval. Once the plan is approved by the NJDOT, the county is required to adopt an ordinance or resolution which provides for the assessment and collection of development fees from developments within the district.

Fees are then collected either at the time of local approval or before building permits are issued, and the revenue is deposited into a special account and used only for the identified purposes. The Act also requires that the collected funds be spent on an appropriate project within ten years of collection.

As an example, Mercer County administers a TDD composed of sections of Ewing and Hopewell Townships. The district was selected by the County based on its proximity to major transportation routes (including Route I-95) and its development potential. The TDD plan was initially adopted in 1991 after a joint planning process involving the County and the two municipalities, and the supporting county resolution was adopted in 1992. Since its adoption, the townships have experienced continuing growth within the district, including extensive residential development and some commercial development.

In addition to these MLUL-authorized fees and TDDs, New Jersey's Supreme Court has authorized municipalities to impose a housing impact fee if they have adopted a certified housing element that fulfills their COAH-defined affordable housing obligation. In *Holmdel Builders Association v. Holmdel Township*, the New Jersey Supreme Court determined that mandatory housing impact fees are authorized by the State's Fair Housing Act of 1985 and the New Jersey State Constitution, provided the New Jersey's Council on Affordable Housing (COAH) develop the rules for imposing these fees.

Under COAH's rules, municipalities are allowed to impose a fee equal to no more than one-half of one percent (0.05%) of the equalized value of any eligible residential development and no more than 1% of the equalized assessed value of any eligible non-residential development. Fees collected under these rules must be deposited into an interest-bearing housing trust fund account, and any expenditures from this fund must be in conformance with a COAH-approved spending plan.

Activities eligible for funding from impact fee revenue include housing rehabilitation; new construction; the purchase of land for low and moderate income housing, improvements to roads and other infrastructure to service low and moderate income housing sites; direct assistance to low and moderate income households to make housing more affordable; and/ or administrative costs of implementing the municipality's housing plan. Impact fee revenue may also be used to fund regional contribution agreements, where a municipality agrees to fund affordable housing in another jurisdiction as one part of its overall fair share housing obligation. At least 30% of the revenue must be used to make units more affordable (through down payment assistance, low interest loans or rental assistance, for example), and no more than 20% may be spent on administration. Numerous municipalities throughout the state have imposed a housing impact fee, including Cherry Hill Township (in Camden County), Mt. Laurel Township (in Burlington County) and Princeton Township (in Mercer County).

In addition to the existing New Jersey enabling legislation, proposed legislation would allow municipalities to impose a fee on new development to cover the cost of facilities and services necessitated by the development, including schools, parks, transportation, flood control and wastewater treatment. Senate Bill 60 (sponsored by William Schluter and Shirley Turner) was introduced in January of 1998 and has since been amended three times by the Senate. Assembly Bill 494, a companion to the senate version, was introduced by Assemblymen Lance and Gusciora, and has been referred to the House Appropriations Committee.

Both of these bills were released from their respective committees in the summer of 1998, after property taxes became a key issue in the gubernatorial election and the concept of impact fees as a means of mitigating the cost of new development was given added impetus. The House bill in particular was released by the House Local Government Committee with the understanding that its sponsors meet with its opponents to work out key differences. Debate continues on the final language, but even the New Jersey Builders Association has acknowledged that some form of impact fee legislation appears inevitable.

Conclusion

Municipalities in both Pennsylvania and New Jersey have been authorized by their respective state governments to impose impact fees on developers to help mitigate the costs of facilities and services necessitated by new development. New Jersey's Municipal Land Use Law and Pennsylvania's Act 209 both enable municipalities to impose impact fees for specific purposes, provided certain defined studies are completed and that the fee is proportionate to the development's share of the cost of the necessary improvement. The process involved in implementing an impact fee requirement under either of these authorizations can be costly and time-consuming, but can generate significant revenue to mitigate the costs associated with new development in areas that anticipate sustained growth.

Both states also have in place legislation that allows adjacent municipalities to cooperatively establish Transportation Development Districts or Partnerships, within which fees can be charged to pay for needed services and capital facilities. Though these cooperative partnerships are generally more flexible in terms of the programming and improvements that can be facilitated and encourage more proactive and cooperative planning between municipalities, they are also accompanied by the political problems commonly associated with inter-municipal planning efforts. Most of the municipalities in both states that have chosen to impose impact fees have instead relied on New Jersey's MLUL or Pennsylvania's Act 209 planning code language to develop their own fee requirements independent of their neighbors.

The primary purpose of this report is to assess the extent to which the Delaware Valley's 353 separate municipalities are using impact fees as a means of financing transportation infrastructure and services necessitated by growth. To that end, a mail-in municipal survey was conducted by the Delaware Valley Regional Planning Commission in the Winter of 1998. The survey, a copy of which is included in Appendix A, asked municipal representatives specific questions regarding planning and development in their community. The City of Philadelphia, which is not bound by the Municipalities Planning Code and does not impose development impact fees, was not included in the survey. City officials are actively seeking to attract development and believe that impact fees would present a significant impediment to these efforts.

Representatives of municipalities that were known to be charging impact fees (based on previous research and anecdotal information) but who did not initially respond to the survey were individually contacted by telephone and specifically asked to submit a survey response. As a follow-up to the region-wide survey of all the region's municipalities, community respondents who indicated they were imposing a transportation impact fee requirement were contacted by telephone and asked additional questions regarding their experiences with impact fees. A copy of the follow-up survey is included in Appendix B.

Local officials in the region's municipalities were first asked to describe the development pressure that their community was experiencing, and to project whether they expected that pressure to diminish, escalate or remain the same in the future. Communities were also asked to rank any problems posed by the municipal costs of additional services and facilities related to new development. Finally, municipalities were questioned about how they pay for new infrastructure and services necessitated by growth, including the use of development impact fees.

Summary of Survey Responses

A total of 153 responses were received from the region's municipalities (a response rate of 43%), including 114 responses from Pennsylvania (a response rate of 48%) and 39 responses from New Jersey (a 33% response rate). These responses represent a wide variety of municipalities, including both boroughs and townships and incorporating high growth areas as well as areas that are developing more slowly or even declining. Map I illustrates the relative location of responding municipalities as well as those municipalities currently charging any kind of development impact fees, and Map II identifies those municipalities that specifically impose transportation impact fees on development. For the sake of reference, Appendix C includes a more detailed map of the Delaware Valley. Table I describes the survey responses.

Of the municipalities that responded, 45 are currently charging some form of development impact fee (29%). Of these 45 municipalities, 25 are specifically charging transportation impact fees (16% of the total respondents, but 56% of those municipalities charging some kind of impact fee). Table II describes survey results within each of the region's eight suburban counties.

Table I
Summary of Municipal Survey Responses

	Pennsylvania	New Jersey	DVRPC Region
Number of responses Response rate	114 48%	39 33%	153 43%
Responding municipalities with impact fees Percent with impact fees	28 25%	17 44%	45 29%
Responding municipalities w/ transportation fees Percent with transportation impact fees	16 14%	9 23%	25 16%

Source: Delaware Valley Regional Planning Commission Municipal Survey, Winter, 1998.

Table II
Municipal Survey Responses by Suburban County

	Number of responses	Response rate	Responding communities w/ impact fees	Percent	Responding communities w/ transportation fees	Percent
Burlington	14	35%	5	36%	2	14%
Camden	12	30%	4	18%	1	9%
Gloucester	7	29%	4	57%	2	29%
Mercer	6	46%	4	67%	4	67%
Bucks	26	48%	5	19%	3	12%
Chester	36	49%	11	31%	6	17%
Delaware	18	37%	2	11%	0	0%
Montgomery	34	55%	10	29%	7	21%

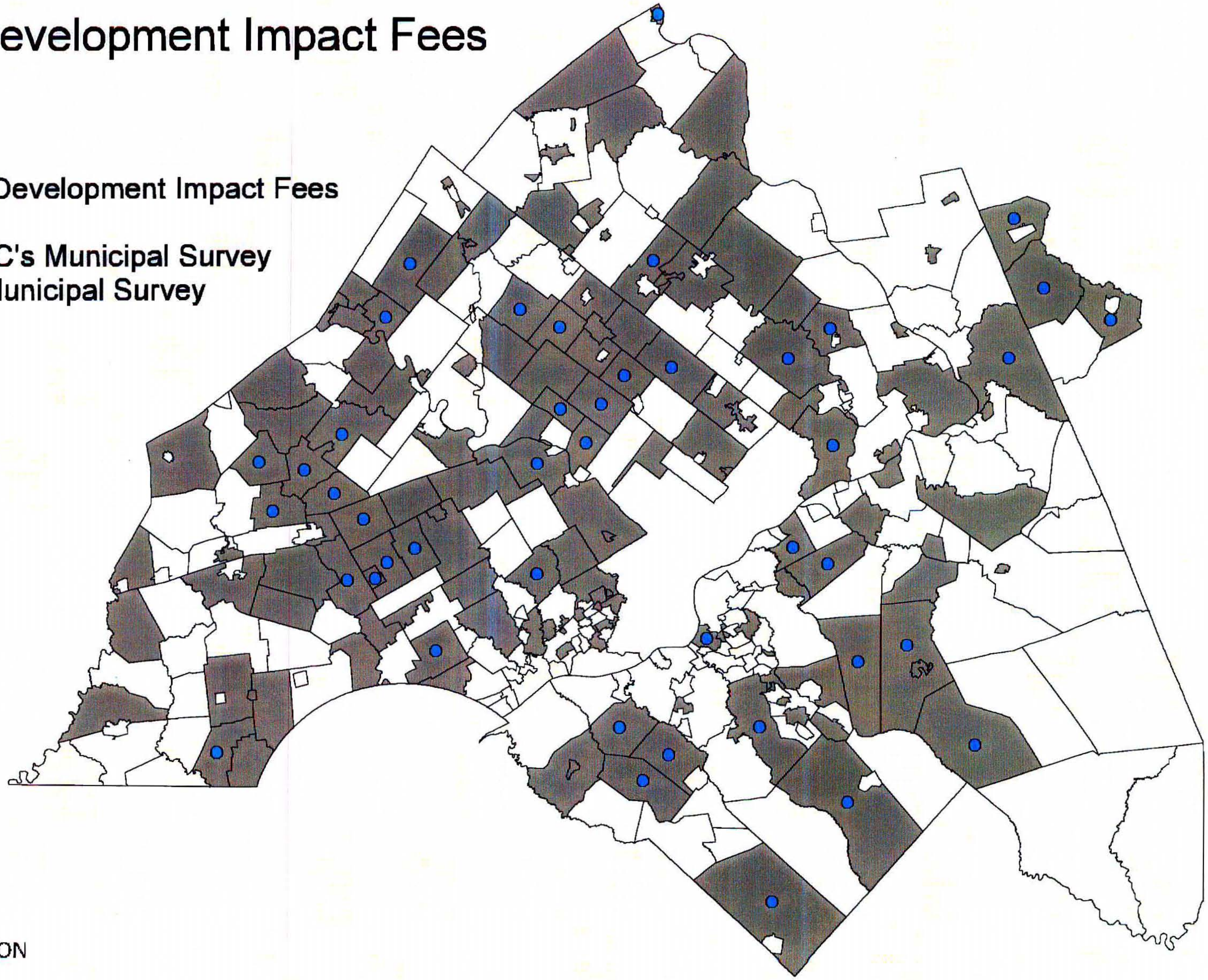
Source: Delaware Valley Regional Planning Commission Municipal Survey, Winter, 1998. The City of Philadelphia, which does not impose impact fees on developers, was not included in the survey.

Map 1 :
Municipal Usage of Development Impact Fees

● Municipalities Collecting Development Impact Fees

☐ did not respond to DVRPC's Municipal Survey

■ responded to DVRPC's Municipal Survey



Source:
Delaware Valley Regional Planning Commission Municipal Survey, December, 1997.

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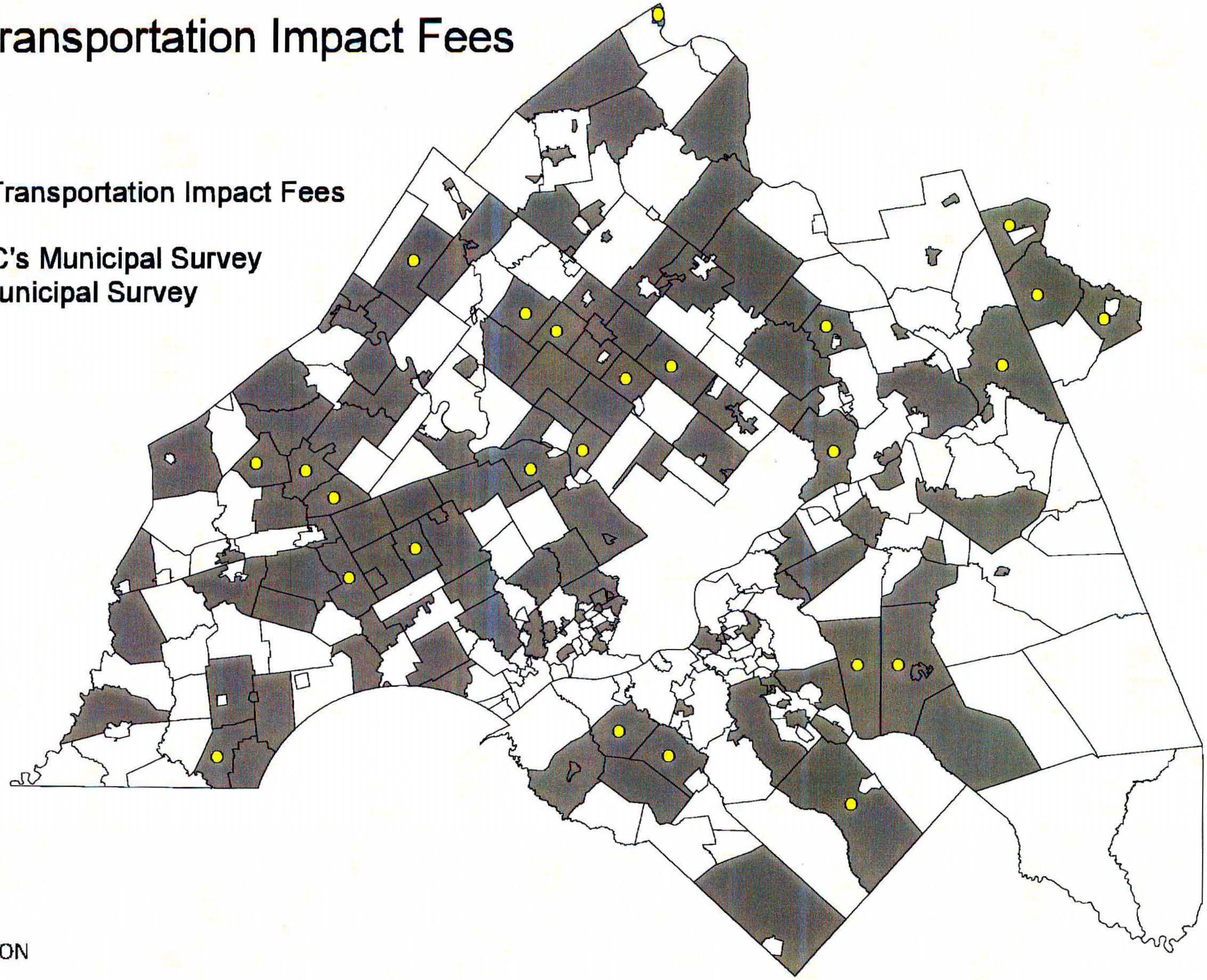
Map 2 :
Municipal Usage of Transportation Impact Fees



○ Municipalities Collecting Transportation Impact Fees

☐ did not respond to DVRPC's Municipal Survey

■ responded to DVRPC's Municipal Survey

Source:
Delaware Valley Regional Planning Commission Municipal Survey, December, 1997.

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Municipal Responses Regarding Growth and Development

As a part of the municipal survey, each community was asked questions regarding growth and development in their community and the development pressure that they were experiencing. While 93% of the responding communities have adopted either a comprehensive plan or a master plan (including all of the communities who stated that they are currently imposing impact fees), 11 communities have not, including 9 in Pennsylvania and 2 in New Jersey.

Based on the survey results, 24% of the region's communities believe their community is currently under significant pressure from developers. An additional 34% believe that pressure facing their community is moderate, and 42% believe that they are currently under little if any development pressure. Of those communities facing significant development pressure, 59% have adopted some form of impact fees to help in generating the revenue necessary to meet the needs of new development, and 41% have specifically adopted a transportation impact fee. Not surprisingly, 97% of the communities who felt little if any development pressure have not adopted a fee requirement.

Seventy-three percent of the region's municipalities anticipate that the development pressure they are currently experiencing will remain the same over the next two years, while another 20% believe that the pressure to develop will increase. Only 7% of the responding communities believe the growth pressure currently facing their community will diminish over the next two years. Of those communities that anticipate that development pressure will increase over the next two years, only a third have adopted a transportation impact fee.

Finally, the responding municipalities were asked whether or not the additional costs associated with new development (such as transportation facilities, schools, water and sewer infrastructure, parks, police and other services) posed a problem in their community. Almost 60% of the communities indicated that additional costs did not pose a significant problem, including a few that were already charging impact fees (and had apparently remedied the problem). Another 30% thought that the costs associated with new development represented a growing problem, of which over 40% have already adopted impact fees.

The remaining 10% of the respondents indicated that these costs already pose a serious problem, to the extent that their municipal budget is already under pressure. Of these, one-half have not yet adopted an impact fee requirement, and do not anticipate doing so within the next two to three years. When asked why, these communities indicated that they believe the impact fee enabling legislation is not clear, that it would be too costly and time consuming to implement an ordinance, and that they fear litigation.

Characteristics of Municipalities that Currently Impose Transportation Fees

As noted earlier, 25 of the region's municipalities responding to the survey were found to be imposing transportation impact fees. These communities are listed in Table III.

Table III
Communities Found to be Imposing Transportation Impact Fee Requirements

Bucks County, PA:	**Montgomery County, PA:**	**Gloucester County, NJ**
Riegelsville Borough	Horsham Township	East Greenwich Township
Bensalem Township	Lower Gwynedd Township	Mantua Township
Newtown Township	Lower Salford Township	
	New Hanover Township	**Mercer County, NJ:**
Chester County, PA:	Plymouth Township	
	Towamencin Township	East Windsor Township
East Bradford Township	Upper Merion Township	Hamilton Township
East Goshen Township		Princeton Township
Franklin Township	**Burlington County, NJ:**	West Windsor Township
Upper Uwchlan Twnshp.	Medford Township	
Uwchlan Township	Evesham Township	**Camden County, NJ:**
Wallace Township		
		Winslow Township

Source: Delaware Valley Regional Planning Commission Municipal Survey, Winter, 1998.

Impact Fees and Growth

One of the purposes of this report is to consider the relationship between the use of impact fees and past, present and future growth in a community. Municipal responses to the survey were considered in relation to a number of different variables, as discussed below. This discussion is followed by a series of maps illustrating population increases, residential building permits, job growth and forecasted population and employment growth.

Map 3 illustrates the percent change in population between 1980 and 1989 in municipalities that responded to DVRPC's impact fee survey. Those responding municipalities that currently impose transportation impact fees grew by an average of 45% between 1980 and 1989, while those not imposing fees grew by only 11%. As evidenced in Table IV, 93% of those municipalities that have not chosen to impose impact fees had population increases of less than 50% between 1980 and 1989. Almost 40% of those communities that have imposed transportation fees grew in population by more than 50%, compared to only 7% of those municipalities that have not enacted a fee requirement.

This trend has generally continued through the 1990's, although at a less dramatic level given the slower overall development market. Map 4 illustrates the estimated percent change in municipal population between 1990 and 1996. The population in those municipalities that have imposed transportation impact fees grew by an average of 11.2% during this time period, while

Table IV
Population Growth and Impact Fees

Percent increase in population, 1980-1989	% of All Responding Communities	% of Responding Communities with Impact Fees	% of Responding Communities without Impact Fees
< 10%	51%	31%	55%
10% - 49.9%	37%	31%	38%
>/= 50%	12%	38%	7%

Source: Delaware Valley Regional Planning Commission, Municipal Survey, Winter, 1998.

growing by only 5% in communities not imposing transportation fees. While the difference is not quite as dramatic, those communities with fees continued to grow at approximately twice the rate of those communities that have not imposed fees.

The majority of municipalities found to be imposing impact fees enacted their requirements in the late 1980's or very early 1990's. It is likely that most of these municipalities enacted an impact fee requirement in response to high local population growth rates, especially since residential development often does not generate enough new tax revenue to pay for needed services. Map 5 illustrates the number of residential units authorized by building permits in responding municipalities between 1980 and 1989, and Map 6 illustrates the number of permits issued between 1990 and 1997. Despite the fact that only 17% of the surveyed communities impose a transportation impact fee on new development, 40% of the residential building permits issued between 1980 and 1989 and 34% of the permits issued between 1990 and 1997 were issued in municipalities that collect a transportation impact fee.

The impacts to a community associated with any given number of building permits is in part a function of the size of the municipality's current housing stock. For example, 100 new units will be more significant in a community which currently includes 500 existing units than it will be in a community which already includes several thousand units. Table V considers the number of residential building permits issued between 1980 and 1989 as a percentage of each municipality's housing stock as of 1980. This table suggests that 68% of those municipalities that chose to adopt transportation impact fees had issued enough building permits to increase their existing housing stock by 25% or more, including 36% where the residential units authorized by building permits increased their existing housing stock by over 50%.

Finally, Map 7 illustrates the estimated increase in jobs in the responding communities between 1990 and 1997. As with residential growth, municipalities that are experiencing high employment growth are somewhat more likely to have a transportation impact fee requirement

Table V
Residential Units Authorized by Building Permits as a Percent of the Existing Housing Stock, 1980 - 1989

Percent	Percent of Responding Municipalities with a Transportation Impact Fee	Percent of Responding Municipalities Without a Transportation Impact Fee
< 5%	4%	32%
5% - 14.9%	24%	17%
15% - 24.9%	4%	24%
25% - 49.9%	32%	20%
< 50%	36%	7%

Source: Delaware Valley Regional Planning Commission Municipal Survey, Winter, 1998.

than are those communities not experiencing similar growth. Twenty-seven percent of those responding communities that have imposed a transportation impact fee requirement have experienced increases in jobs of over 25%, for example, compared to only 15% of those communities without a fee. Employment growth in a community can have a significant impact on transportation services and infrastructure, which in some cases can be mitigated through impact fees. Many communities indicated, however, that they collect revenue from non-residential developers through other mechanisms, including mandatory improvements (both on-site and off-site) and voluntary contributions negotiated on a case-by-case basis.

Impact Fees and Forecasted Growth

As noted previously, impact fees are most effective when imposed in areas that are expected to experience significant growth over an extended period of time. Map 8 illustrates the forecasted growth in population between 1990 and 2020 in municipalities that responded to the Commission's municipal survey.

Counter-intuitively, there does not appear to be as strong a correlation between forecasted population growth and impact fee usage as was evident between past and current growth trends and fees. Although a majority of those communities that are forecast to grow by less than 25% are not imposing impact fees, nearly 40% of those communities that do impose fees are also forecast to grow by less than 25%. While 31% of the municipalities that have adopted a transportation fee requirement are forecast to experience population increases of over 50% between 1990 and 2020, 25% of those communities that do not impose a similar fee are also forecast to experience significant population growth. None of the region's municipalities where

Table VI
Forecasted Population and Employment Growth, 1990-2020

	Forecasted Population Growth			Forecasted Employment Growth		
	< 25%	25 - 49.9%	>/= 50%	< 25%	25-49.9%	>/= 50%
All responding communities	56%	19%	25%	59%	20%	21%
Communities with fees	38%	31%	31%	27%	27%	46%
Communities without fees	59%	16%	25%	66%	18%	16%

Source: Delaware Valley Regional Planning Commission Municipal Survey, Winter, 1998.

population is forecast to increase by over 100% use transportation impact fees to mitigate the costs of improvements associated with new development. Additionally, only six of the region's 25 municipalities forecast to grow the fastest between 1990 and 2020 are currently imposing transportation impact fees and, when questioned, only two of these eight indicated that they are likely to do so within the next few years.

In the case of forecasted job growth, however (illustrated in Map 9), there appears to be a stronger correlation between significant forecasted growth and impact fee usage. Forty-six percent of those municipalities that have adopted a transportation fee are forecast to experience increases in jobs of more than 50%, compared to only 16% of those communities who have not adopted a fee. However, eight of the region's 25 municipalities forecast to experience the greatest gains in jobs between 1990 and 2020 rely on transportation impact fees, and only two others stated that they are somewhat likely to do so in the near future.

It appears that communities already experiencing growth are more likely to adopt an impact fee requirement than are communities that are forecast to grow significantly in the future. This is unfortunate, since these fees can be used only to mitigate the costs of new services and facilities necessitated by growth and not to remedy existing deficiencies in the system. By the time many of these municipalities decide to require impact fees, complete the necessary studies and plans, and adopt a fee requirement, a significant portion of their expected growth may have already occurred. The needs associated with that previous growth cannot be remedied using fees from later developers, and the delay in implementation also reduces their potential fee revenue.

Why Not Impose an Impact Fee?

The majority of the Delaware Valley's municipalities are not currently collecting transportation impact fees to help mitigate the costs associated with new development, including several high-growth communities. Municipalities that are not using impact fees were asked to list the reasons why they have chosen not to. The reasons given included the following:

- No perceived need to impose an impact fee, noted by 61% of the communities that don't use them. It should be noted that these communities did not indicate whether this meant that the cost of necessary services and facilities was low enough that it could be managed by the community without the assistance of developers, or whether they were able to secure enough financial assistance through other less costly and time consuming alternatives (such as fees-in-lieu of dedication or "voluntary" contributions).
- Difficulties in implementing the fee, noted by 31% of the respondents.
- Lack of information, noted by 11% of the responding communities (all of which were located in the Commonwealth of Pennsylvania).
- A belief that the costs of implementing a transportation impact fee would outweigh any potential revenues, cited by 9% of those respondents not currently imposing fees.
- A fear of litigation and a belief that the enabling legislation was unclear, each noted by 6% of the communities.
- The prospective cost of implementation, given the mandatory planning and engineering studies that would have to be undertaken, cited by 2% of the responding municipalities.
- A fear that impact fees would raise housing costs, noted by 2% of the communities.
- A recognition that impact fees cannot address current need and would therefore be unable to remedy the municipality's existing deficiencies, noted by one responding municipality.

An assessment of impact fees conducted by Pennsylvania's Transportation Advisory Committee in 1997 found similar impediments to the usage of impact fees, particularly the costs associated with implementing the fee under the requirements of Act 209 and confusion regarding the law itself. That assessment also noted that Act 209 lacks flexibility; that developers are concerned about being singled out by municipalities; that it is difficult to fund state road projects, given that the law requires that only 50% of the cost of those projects be funded with impact fees; and that it is difficult to plan for and finance large scale improvements, since the law restricts impact fee usage to a defined area measuring no more than seven square miles and requires that they be refunded if construction is not initiated within three years of the date on which the fee is collected.

Alternatives to Impact Fees

Although a majority of the municipalities in the region are not currently imposing formal impact fees, most communities do require some form of payments from developers to help mitigate the cost of necessary services and facilities. Sixty of the 127 (48%) municipalities that are not currently charging a transportation impact fee find some other way to generate revenue for necessary improvements, including 13 of 15 high-growth communities not currently imposing a transportation fee. In fact, 70% of the municipalities that responded to the survey find some method to collect revenue from private developers, either using impact fees or some other alternative. Alternatives to impact fees currently being used in the region to fund improvements necessitated by new development include the following:

- "voluntary" contributions, negotiated by 27% of the responding communities;
- mandatory dedications of land, required by 22%;
- fees-in-lieu of dedication, charged by 20%;
- off-site improvements, required by 22%
- mandatory on-site improvements, required by 39%;
- sewer tap-in fees, imposed by 6% of the responding municipalities; and,
- impact fees other than transportation fees (including parks and recreation, housing, sewer and water services, stormwater management, "general public purposes" and off-street public parking), imposed by 21 communities. Interestingly, several municipalities that impose transportation impact fees volunteered that they also require other payments from developers, including mandatory dedications of land, fees-in-lieu of dedication, mandatory on-site improvements, voluntary contributions and sewer or water tap-in fees.

Administration, Results and Legal Challenges

Finally, municipalities indicating that they were currently collecting transportation impact fees were contacted by telephone and asked specific questions regarding their impact fee requirements. A copy of the follow-up telephone survey is attached as Appendix B. The following discussion summarizes the results of the telephone interviews:

- Municipalities that indicated they are charging a transportation impact fee have adopted their requirements under a variety of authorizations. All of the New Jersey municipalities adopted fee requirements under the language found in the Municipal Land Use Law. The majority of the Pennsylvania requirements have been adopted since 1990 under the provisions of Act 209. Approximately one-third of the Pennsylvania ordinances, however, were adopted prior to 1990 but were not adopted under Act 47. Most municipal representatives "believe but aren't sure" that these ordinances are in compliance with the provisions of Act 209. None of the municipalities responding to either the initial survey or to additional follow-up telephone calls are imposing fees using Pennsylvania's Act 47 or New Jersey's TDD legislation, although a few examples are known to exist within the region (Tredyffrin/East Whiteland in Chester County, Pennsylvania, for example, and Hopewell and Ewing Townships in Mercer County, New Jersey).

- Most municipalities base their transportation impact fee on the number of prospective peak hour trips identified through planning and engineering studies and accepted standards from the Institute of Traffic Engineers (ITE). Fees in the region average between $3,000 and $5,000 per unit, with no community reporting a fee of more than

$6,500 per unit. However, this survey considered only transportation impact fees; the total exaction from the developer may be higher if the community also imposes other fees or requirements, as some of them admitted doing. For example, four Pennsylvania communities require a transportation impact fee in addition to a mandatory dedication of land for parks and recreation or a fee-in-lieu of dedication.

- Transportation impact fees are usually split into at least two payments, and are collected prior to the issuance of building permits and, in New Jersey, prior to the issuance of a Certificate of Occupancy. In the case of large scale projects, most municipalities allow the developer to pay the fee in increments as construction progresses.

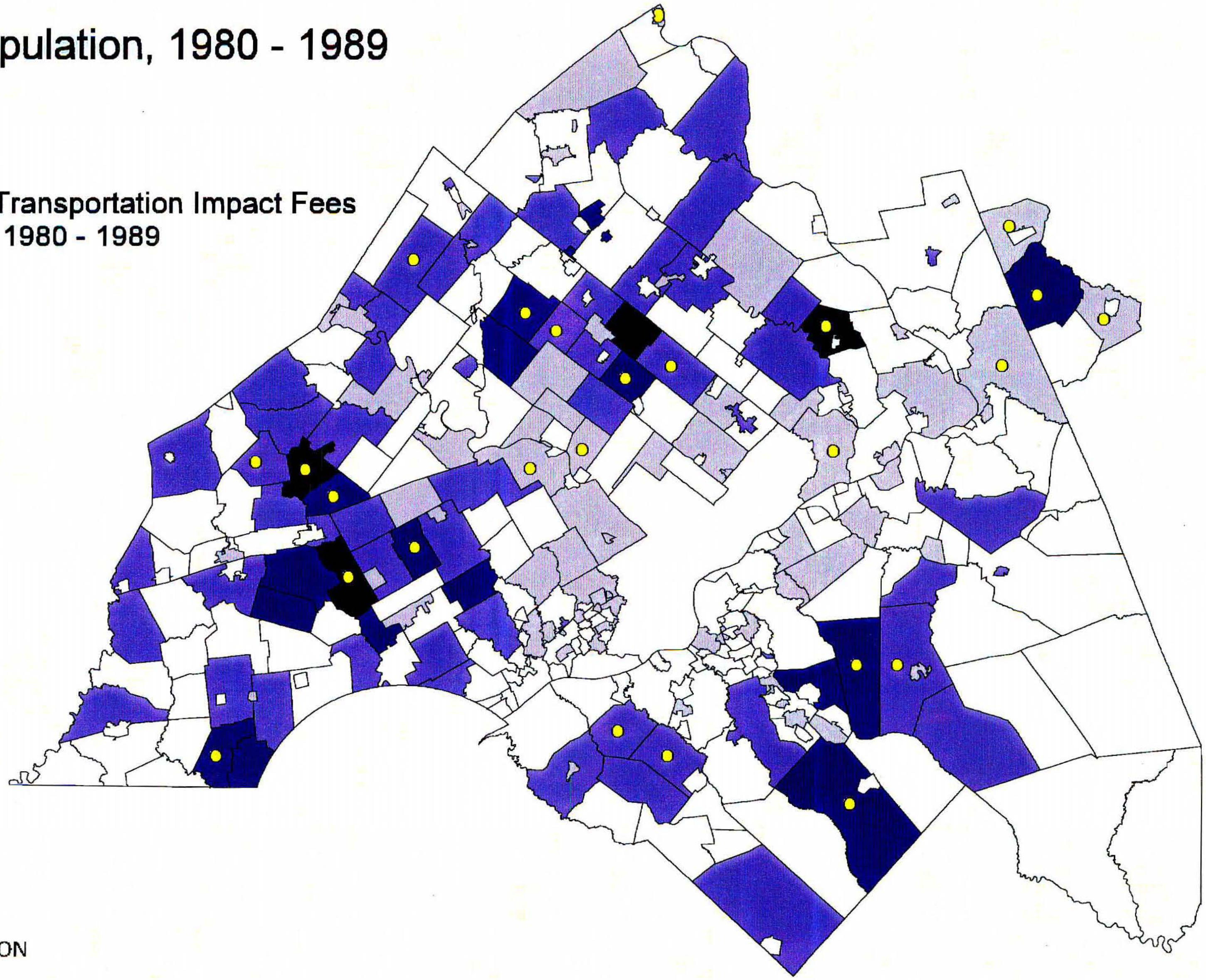
- All of the surveyed municipalities deposit the impact fee revenues into an account that is separate from their general fund, to ensure that the funds are used solely for the purpose for which they are collected.

- Municipalities have used impact fee revenue to fund a number of local roadway improvements, such as intersection improvements, roadway widenings and pedestrian enhancements. One municipal official remarked that while some local improvements can be accomplished using locally generated impact fees, it is virtually impossible to fund large scale projects given the incremental way in which the fees are collected. Several communities in Pennsylvania have only recently adopted a fee requirement (since late 1997, for example) and have yet to collect any revenue.

- None of the municipalities identified in the survey have experienced any significant legal challenges to their transportation fee requirement. Although two municipalities reported that they had been threatened with legal action, compromises were reached in each case with the developers before formal legal action was taken. Although at least some of the communities have not followed the specific language of the existing enabling legislation (and may therefore be at risk of legal challenge), developers apparently consider impact fees and other exactions a necessary cost of doing business. Since impact fees in the Delaware Valley region have not reached an amount that cannot be recovered by the developer from the eventual buyer, developers appear willing to pay the fees (and make other contributions as well, through other mandatory and "voluntary" contributions and dedications) rather than challenge these exactions in court. One municipal official stated that developers are usually more than willing to contribute a reasonable amount, since they ultimately benefit from improvements to the community.

- None of the municipal officials surveyed believe that the imposition of the fee requirement has impacted development trends in their communities. Most communities in this region collect revenue or otherwise secure improvements from developers, either through a formal impact fee requirement or through some other exaction or dedication. Development trends are therefore influenced more by other market factors, including land availability, local land use regulations and market trends.

Map 3 :
Percent Change in Population, 1980 - 1989



○ Municipalities Collecting Transportation Impact Fees

Percent Change in Population, 1980 - 1989

- -33% - 8.5%
- 8.5% - 37.2%
- 37.2% - 94%
- 94% - 202.3%

Source:
United States Census Bureau

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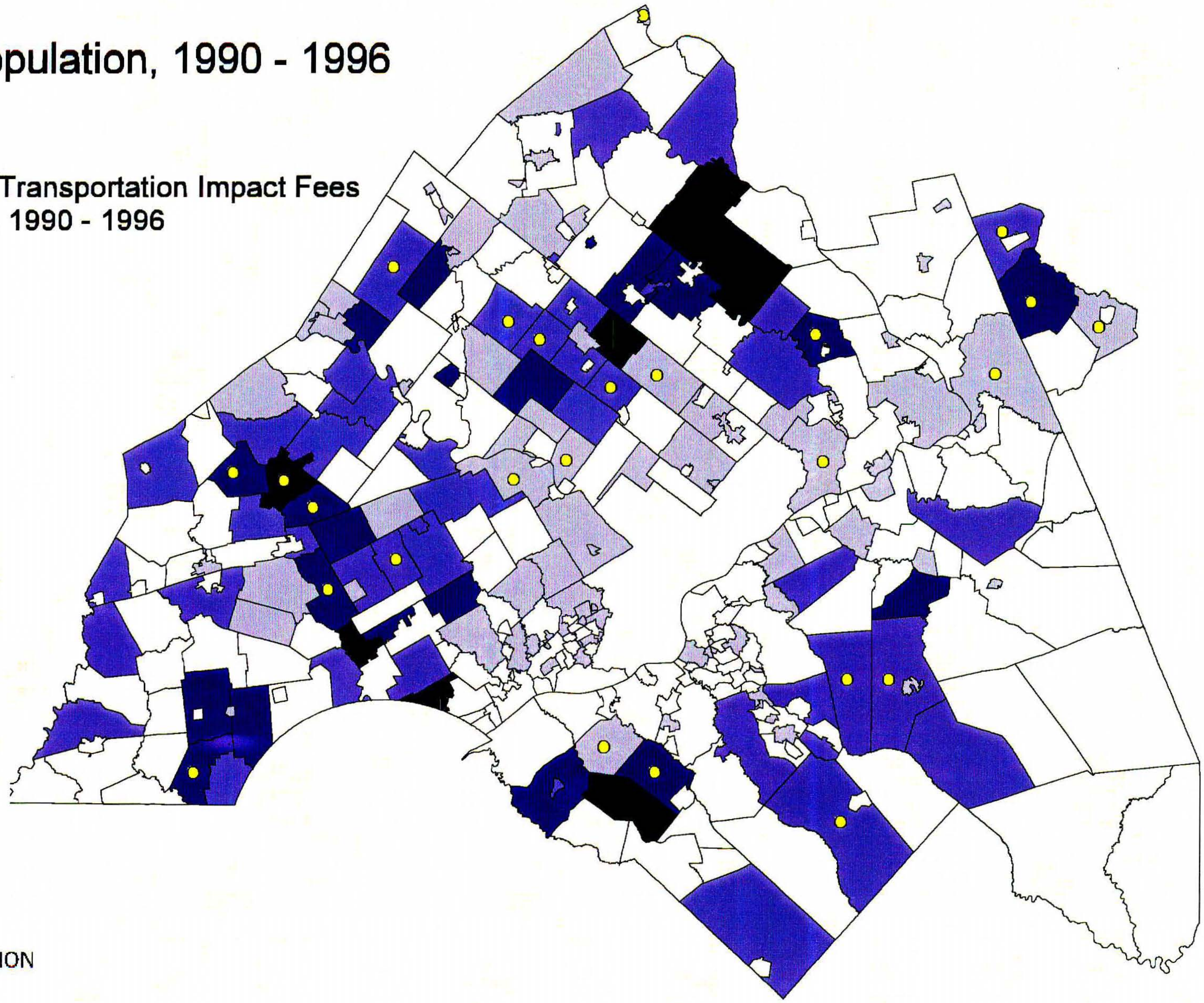
Map 4 :
Percent Change in Population, 1990 - 1996



○ Municipalities Collecting Transportation Impact Fees

Percent Change in Population, 1990 - 1996

- -15.4% - 3.6%
- 3.6% - 14%
- 14% - 31.4%
- 31.4% - 61.2%

Source:
United States Census Bureau

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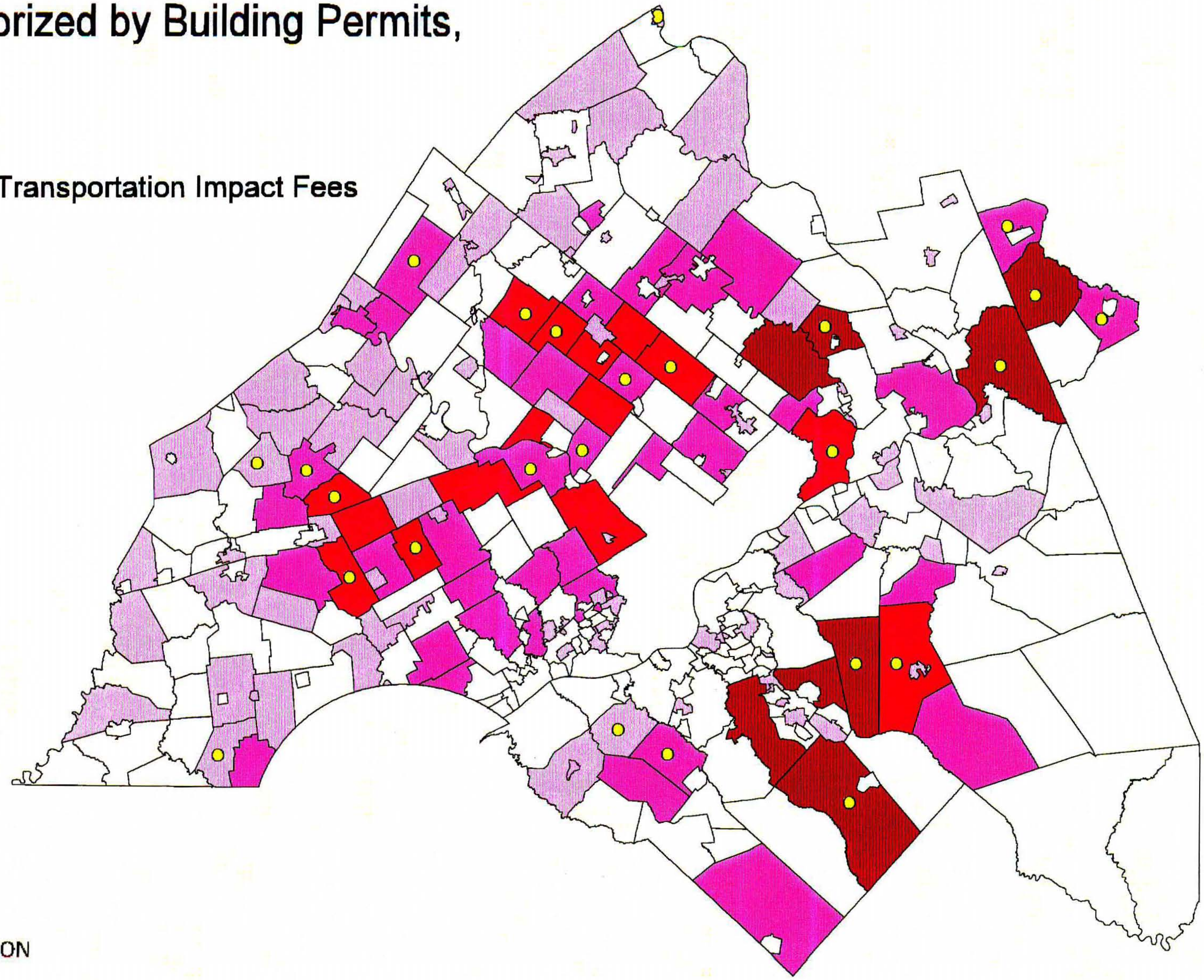
Map 5 :
Residential Units Authorized by Building Permits, 1980 - 1989



○ Municipalities Collecting Transportation Impact Fees

Building Permits, 1980 - 1989

- 0 - 369
- 369 - 1061
- 1061 - 2849
- 2849 - 6417
- Philadelphia County

Source:
United States Census Bureau, Construction Statistics Division

N

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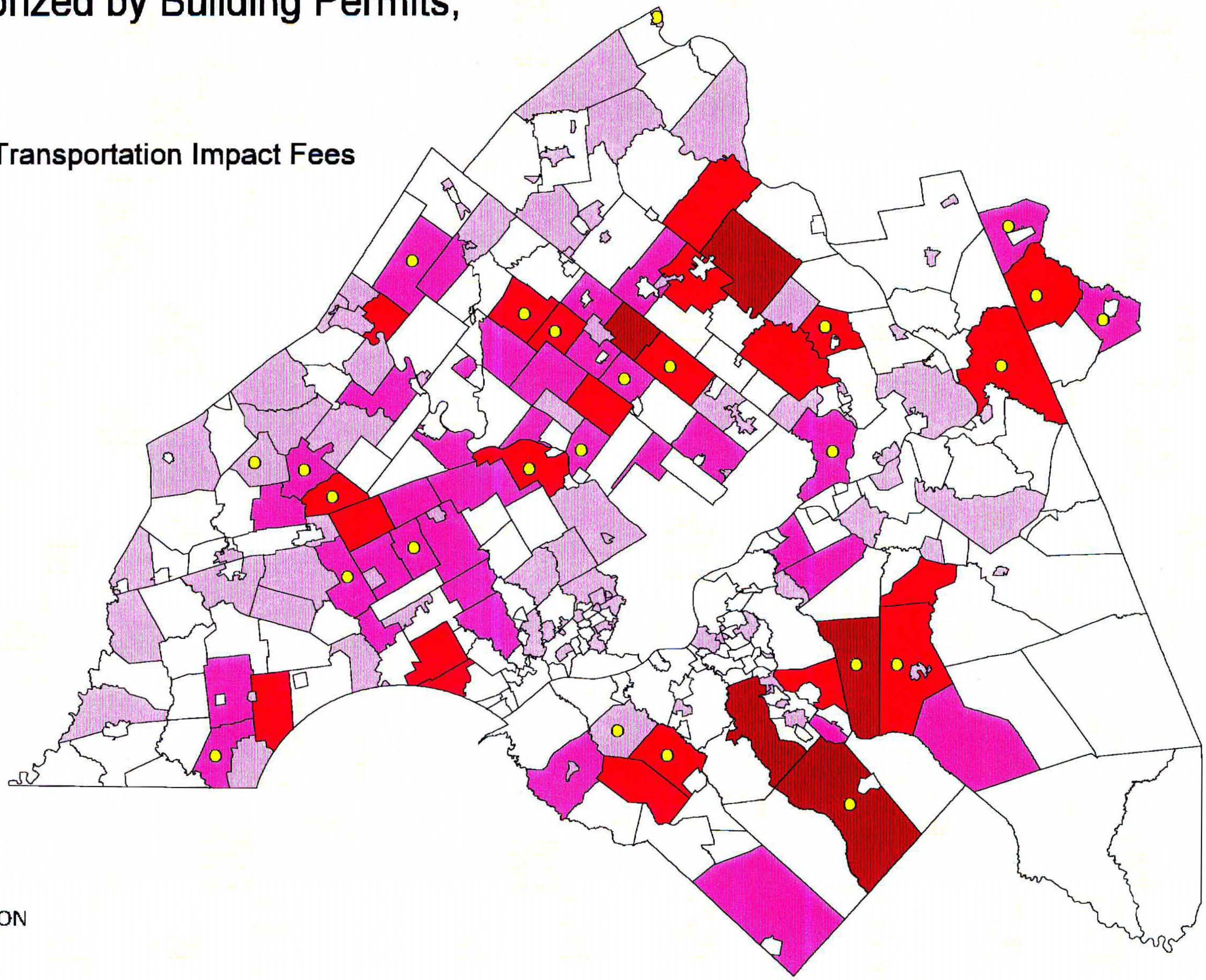
Map 6 :
Residential Units Authorized by Building Permits,
1990 - 1997



o Municipalities Collecting Transportation Impact Fees

Building Permits, 1990 - 1997

- 0 - 231
- 231 - 742
- 742 - 1487
- 1487 - 4248

Source:
United States Census Bureau,
Construction Statistics Division.

N

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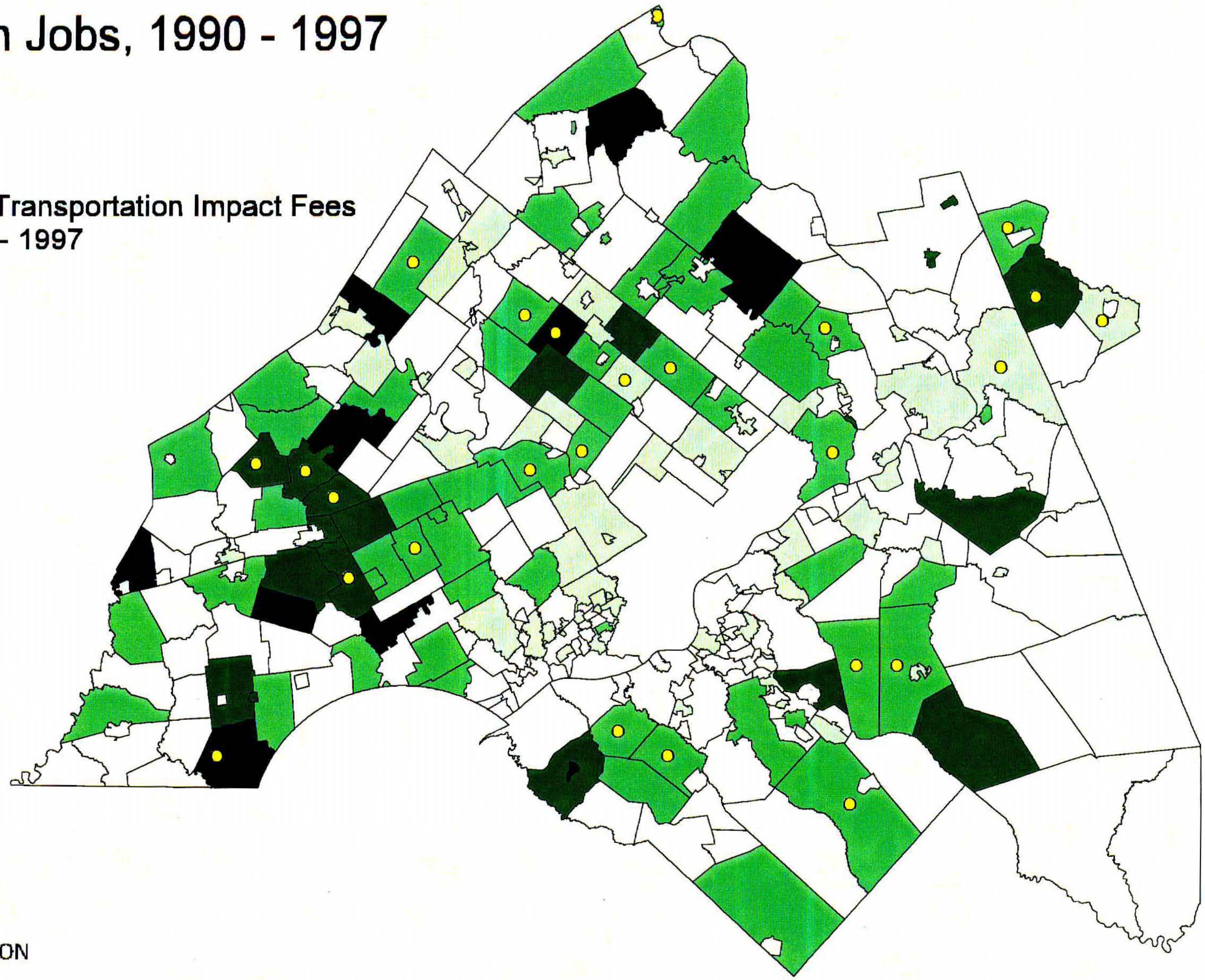
Map 7 :
Estimated Change in Jobs, 1990 - 1997



○ Municipalities Collecting Transportation Impact Fees

Percent Change in Jobs, 1990 - 1997

- -18.3% - 5.2%
- 5.2% - 20.5%
- 20.5% - 44.3%
- 44.3% - 115.4%

Source:
United States Census Bureau, (1990 Census of Population and Housing) and the Delaware Valley Regional Planning Commission.

N

9 0 9 Miles

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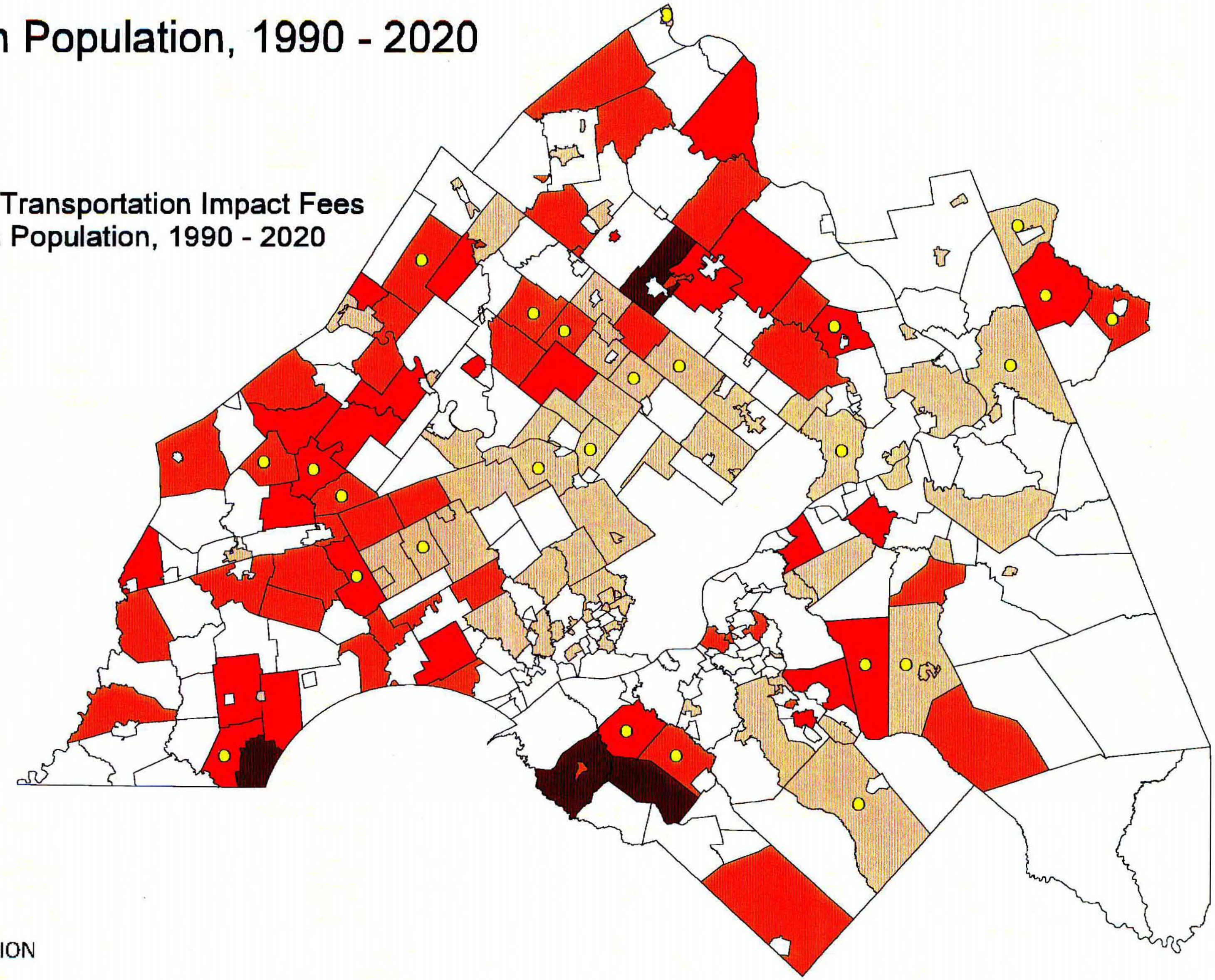
Map 8 :
Forecasted Growth in Population, 1990 - 2020



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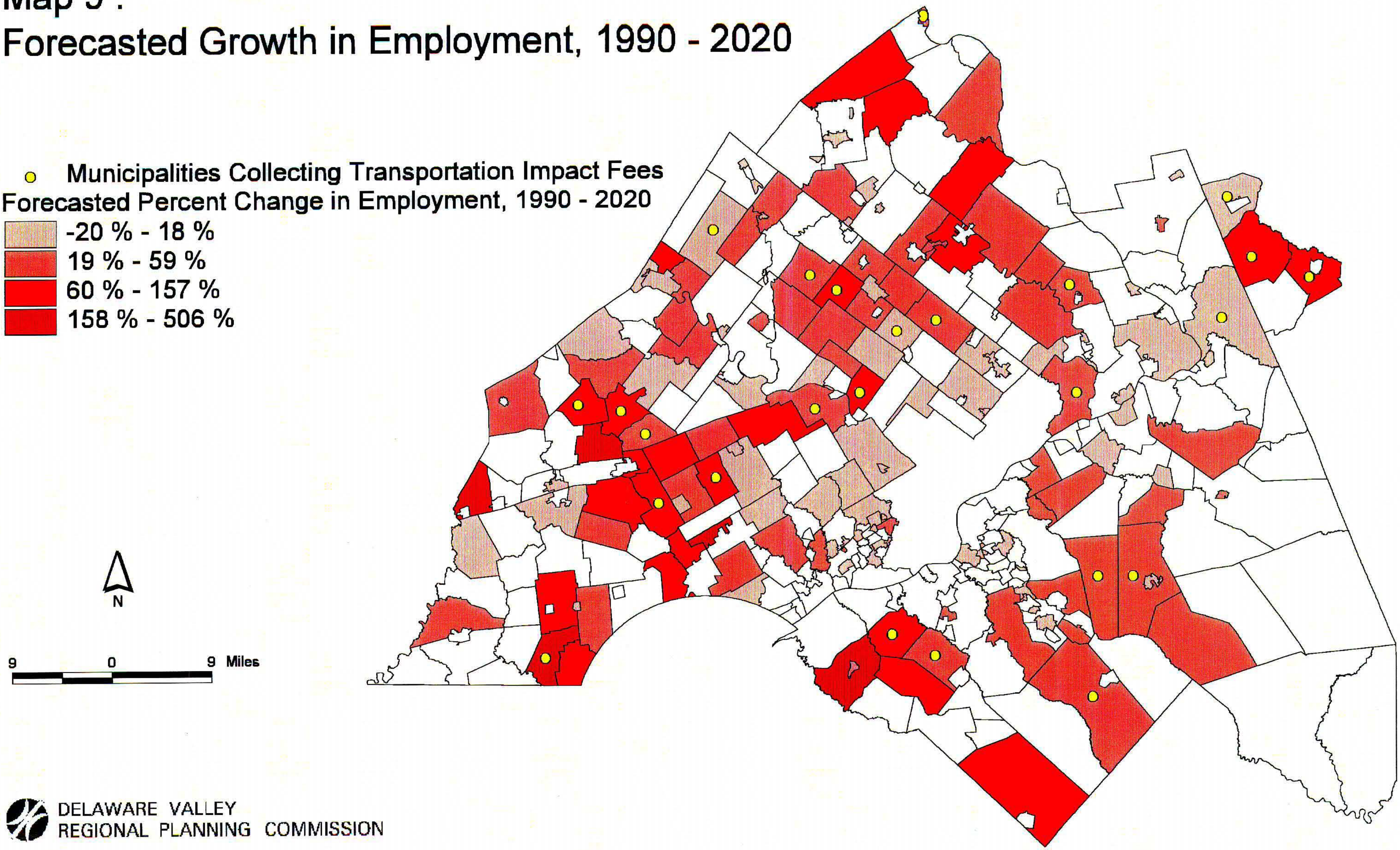
Map 9 :
Forecasted Growth in Employment, 1990 - 2020



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IV. Pros and Cons of Impact Fees

This chapter discusses the pros and cons of funding infrastructure and services necessitated by new development with impact fees. The primary advantage of using impact fees is obvious: these fees represent a politically acceptable way to finance necessary improvements, since the costs of needed facilities (including sewer, water and transportation) are levied against future rather than existing residents. Thus, current taxpayers are relieved of these costs and they are instead assessed against the residential or non-residential developer creating the need for the expanded facilities or services. Since the fees are often passed on to prospective buyers through increased sales prices, these costs are ultimately paid by people who at the time have no vote in local elections.

One major disadvantage to using impact fees is that fees can only be used to finance improvements necessitated by growth, not to repair or maintain existing infrastructure or correct deficiencies in the existing network. Thus, municipalities intending to finance necessary improvements using impact fee revenue must of necessity be pro-active in planning for growth, forecasting where growth will occur and what additional facilities and services will be necessary, and estimating how much these additional improvements will ultimately cost the municipality. Impact fees are also collected in increments over an extended time period, and are usually used to finance long-term capital improvements. Thus, they tend to be most useful in areas that expect to experience sustained growth over a number of years.

Another disadvantage of pursuing private sector financing of capital facilities, whether through impact fees or some other alternative, is the increased cost associated with private borrowing as opposed to public borrowing or bonding. Municipalities can use their bonding capacity to borrow money at significantly lower rates than can developers. Since most impact fee payments are due before the sale of the unit (before the permits and approval are issued, for example, or before a Certificate of Occupancy is issued), developers usually rely on short-term borrowing to pay impact fees. These short-term loans are then paid off after the project is completed and sold. The actual cost of the improvement may therefore be significantly higher when the improvement is privately financed, despite the shorter term of the loan.

Perhaps the biggest impediment for municipalities considering whether impact fees can be of benefit in generating revenue for needed infrastructure and services is the up-front cost of conducting the necessary studies and adopting the fee. One potential solution may be the development of regional impact fee studies, where several adjacent municipalities cooperatively conduct studies of infrastructure needs and share these up-front costs. Regional plans are allowable under New Jersey's existing TDD legislation; in Pennsylvania, however, such a change would require an amendment of Act 209.

Disadvantages of using impact fees to pay for new growth include the impact of these fees on both the scale and location of development and on housing affordability, since developers almost always pass most if not all of their costs to the prospective buyer. Most municipalities assume that impact fees stifle development, encouraging developers to search for other potential sites in localities that do not impose development fees.

Table VII
The Effect of Transportation Impact Fees on Growth Rates and Sales Prices

	Responding municipalities with transportation impact fees	Responding municipalities without impact fees
Average change in population		
1980-1989	45%	11%
1990-1996	11%	6%
Average change in jobs		
1990-1997	22%	12%
Average percentage increase in number of housing units		
1980-1989	55%	20%
1990-1997	18%	11%
Average change in median sales price, 1987-1997	31%	32%

Source: Delaware Valley Regional Planning Commission Municipal Survey, December, 1997.
Notes: Average change in jobs is an estimate based on US Census estimates of jobs in 1997. Percent change in housing units is estimated based on the number of residential building permits issued as a percentage of each municipality's existing housing stock.

Have Impact Fee Requirements Affected the Scale or Location of Development?

Table VII considers the impact of requiring payment of an impact fee on both growth and median sales prices. Given the multitude of market conditions and other factors that impact the rate of development, it is difficult to assess whether or not impact fees have impacted either the scale or location of new development in those municipalities that have elected to impose such exactions. Impact fees do not, however, appear to be a critical factor in selecting a site. While at least in theory an impact fee requirement may deter some developers from one municipality and prompt them to seek another nearby location, this generally happens only if the amount of the fee exceeds an amount that can reasonably be passed on to the eventual buyer. In California, for example, impact fees have in some cases exceeded $40,000 per unit. In the Delaware Valley, however, the amount of the fee rarely exceeds $5,000, an amount that can be easily recovered from the eventual buyer.

Nationally, there is little if any data to support the theory that the imposition of impact fees has stifled development.[9] Analysis of DVRPC's municipal survey responses yield similar results. While development throughout the region generally slowed in the 1990's, those municipalities that adopted impact fees during the 1980's and early 1990's continued to show higher growth rates between 1990 and 1996 than did those municipalities not imposing development impact fees. The population in these communities continued to increase faster than in communities with no fees, though at a less dramatic rate.

Additionally, a review of residential building permit data reveals that 38% of the total permits issued between 1980 and 1989 in municipalities that responded to DVRPC's municipal survey were issued in communities that impose a transportation impact fee, despite the fact that only 17% of the communities collect such a fee. This trend continued between 1990 and 1997, with 34% of the total residential permits issued in municipalities collecting impact fees.

The Commission's survey also indicated that the majority of the responding communities impose some financial requirements on developers to mitigate the cost of new infrastructure and services necessitated by development, whether through adopted impact fees or through some other alternative. Thus, developers have less of an incentive to "shop around" for a different site in a different community that imposes no financial requirements. It appears that market conditions and other development factors that affect all municipalities have a more significant impact on development in specific locations than do impact fees.

Do Impact Fees Affect Affordability?

Although impact fee requirements do not appear to effect whether or not a developer will build in certain locations, some evidence indicates that these fees may indeed have an impact on affordability. The National Association of Homebuilders has compiled data that indicates that an average impact fee of $3,000 per unit can eliminate up to 269,000 families nationwide who would otherwise qualify to purchase that same home. Table VIII illustrates the effect that a $3,000 impact fee would have on the sales price of a median-priced home. Assuming that most builders will pass most if not all of this cost on to the prospective home buyer, the $3,000 fee will result in an increase in the sales price of $3,657, to $137,597.

While this amount may seem relatively insignificant (amounting to approximately 2.5% of the total sales price), Table IX considers the impact that this increase in sales price can have on affordability. Nationally, as many as 269,000 households that just barely qualify to purchase could become ineligible to purchase the unit based on that 2.5% increase in sales price. Overall, however, the unit remains relatively affordable, and will ultimately be sold to another prospective family earning only a few thousand dollars more per year.

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[9]American Planning Association, *Policy Guide on Impact Fees*, page 1.

Table VIII
Effect of a $3,000 Impact Fee on Sales Price

Components of Sales Price	No Fee Passed through to Buyer	Full fee passed through to buyer
Fixed Costs:	**$88,816**	**$92,043**
Land development	17,592	17,819
Construction	71,224	71,224
Impact fee	0	3,000
Other Costs:	**$32,449**	**$32,570**
Acquisition of land	14,507	14,507
Construction financing	2,638	2,638
Overhead	10,914	10,914
Sales commission	4,390	4,511
Total cost:	**$121,265**	**$124,613**
Profit:	**$12,635**	**$12,984**
SALES PRICE	**$133,900**	**$137,597**

Source: National Association of Home Builders, *Impact Fee Handbook*: page 14.
Notes: $133,900 is the national median price of homes sold during 1995. Data is derived from National Association of Home Builders cost surveys. Assumes a standard 10.4% profit rate.

Based on DVRPC survey results, it appears that the imposition of impact fees has not had a significant impact on housing sales prices. As indicated previously in Table VII, the average median sales price in municipalities that are currently imposing transportation impact fees increased by 31% between 1987 and 1997, as opposed to an increase of 32% in municipalities not imposing fees.

In addition to the impact that development fees can have on the selling price of an average new home, many housing advocates maintain that impact fees alter the type of new construction that builders will undertake. Since most impact fees are assessed on a per-unit basis, an impact fee will have less impact and be easier to make up (through a pass-through to the buyer) on a higher priced unit, representing a much smaller percentage of the final sales price. Thus, many builders lean towards developing more expensive housing units, where the impact fee will amount to a lower percentage of the final cost of the unit, which in turn has a negative impact on the number of less expensive and more affordable units constructed.

Table IX
Impact of Higher Sales Price on Affordability

	Without an Impact Fee	With passed-through Impact Fee	Additional cost to the Buyer
Purchase price	**$133,900**	**$137,597**	**$3,697**
Down payment (10%)	$13,390	$13,760	$370
Mortgaged amount	$120,510	$123,837	$3,327
Settlement Costs:			
Escrow, title insurance, etc. (standard 1%)	$1,339	$1,376	$37
Points (1.5%)	$1,808	$1,858	$50
Total cash to close	**$16,537**	**$16,993**	**$457**
Monthly Mortgage:	**$1,080**	**$1,110**	**$30**
Principal/ interest (8%)	$884	$909	$25
Property tax (1%)	$112	$115	$3
PMI (0.5% of mortgage)	$51	$52	$1
Homeowner's insurance	$33	$34	$1
Income needed to qualify:	**$46,266**	**$47,543**	
Total number of US families (in thousands)	69,597	69,597	Loss of 269,000 qualified families nationwide
Total number of qualified US families (in thousands)	28,918	28,649	
Percent qualified for mortgage	41.6%	41.2%	

Source: National Association of Home Builders, *Impact Fee Handbook*, page 15.
Notes: Assumes that the full impact fee is passed through to the prospective buyer. Assumes standard 10% down payment; 1% settlement costs; 1.5% points; average 1% property taxes; and private mortgage insurance at 0.5% of total mortgaged amount.

V. Conclusion

The primary purpose of this study is to assess the extent to which transportation impact fees are being used in the Delaware Valley to finance services and capital facilities necessitated by new development, and to consider whether those fees have affected the scale or location of development throughout the region. Impact fees represent a politically acceptable method of securing funds for services and facilities necessitated by new development, and can be most useful in communities that are located in the path of growth and have significant amounts of suitable land available for development. In townships with little land remaining for development, however, potential fees may not cover the cost of the studies required prior to the adoption of a fee requirement as well as the future administration of the impact fee program.

Impact fees have been legally challenged on numerous occasions. These challenges have prompted the courts to define guidelines that are used when considering the validity of an individual fee requirement. Based on previous court decisions, impact fee requirements must be specifically defined in an ordinance and applied equally to all developments that have an impact on the proposed improvement, rather than negotiated on a case-by-case basis. Impact fee revenue must be used only for the purpose for which it is collected, which requires that municipalities deposit the fee revenue in an account which is kept separate from the community's general fund. Development fees may only be collected for public facilities and services necessitated by new development, and developers can only be required to pay their proportional share of the cost of services or facilities necessitated by new development. The courts have also required that fees be refunded to the developer if the provision of a service or the construction of a facility for which fees are collected has not begun within a reasonable amount of time.

New Jersey law requires that municipalities adopt and update a Master Plan which includes a circulation and transportation element in order to impose a transportation impact fee. Pennsylvania statutes recommend that impact fee ordinances be preceded by the adoption of a comprehensive plan in the Commonwealth's municipalities, including an element that considers current and projected transportation demands and needs of the municipality based on forecasted population and employment growth. In lieu of adopting a formal plan, Pennsylvania municipalities may instead opt to prepare long range land use and growth assumptions. These communities must also conduct an analysis of the existing transportation system that considers all existing deficiencies and defines preferred levels of service. These planning efforts, when undertaken prior to collection of the impact fees, identify the need for improvements and document that the needs are created by new growth rather than pre-existing deficiencies in the system.

Advantages of Impact Fees

A fair and reasonable impact fee can be used to ensure that new development pays its fair share of the cost of mitigating the negative impacts associated with growth. An adopted impact fee ordinance also allows for orderly development, since the cost of growth and the fees associated with development are known in advance of the development approval process. In addition to securing the necessary funds from developers to facilitate the construction of new infrastructure, impact fees can in theory act as an incentive for in-fill development in areas with existing infrastructure and under-utilized capacity, since growth in these areas will not require the payment of an impact fee.

Disadvantages of Impact Fees

Some opponents have assumed that development fees in one community may discourage growth in that municipality and encourage growth in communities with less stringent requirements. Little if any empirical evidence exists to support this hypothesis, however, since developers usually opt to recoup the cost of the fee through increased sales prices. Additionally, most communities in the DVRPC region exact from developers somehow, either through formal impact fees or through some other mandatory or "voluntary" contribution or dedication.

Impact fees increase the cost of new development and are usually passed on by the developer to new homeowners or tenants. DVRPC survey results indicate, however, that these fees have not significantly affected housing affordability in those communities where they are imposed. Development fees may, however, have the adverse effect of encouraging developers of residential projects to build mainly higher-cost housing, neglecting the production of low or moderate cost units, since the fees are unit-based and can be recovered more easily from the sale of higher cost units.

Impact Fee Usage in the Delaware Valley

Based on the Commission's survey results and previous studies, it is fair to state that the majority of the region's municipalities are not imposing formal transportation impact fees on developers. That is not to say, however, that municipalities are not collecting revenue from developers to mitigate the cost of services and facilities necessitated by development: 70% of the communities that responded use either impact fees or some other alternative (including voluntary contributions and fees-in-lieu of dedication) to help defray these costs. Municipalities that have chosen to impose transportation impact fees have used these funds to pay for numerous local roadway improvements, including roadway widenings, intersection improvements, and sidewalks and other pedestrian enhancements.

This study began as an effort to determine whether or not development impact fees (and specifically transportation impact fees) have affected growth patterns in the region, especially in light of the passage of Pennsylvania's Act 209 in 1990. Based on an analysis of the municipal survey results and a comparison of those results with population growth both before and after 1990, it does not appear that impact fees alone have had a significant impact on regional development patterns. Impact fees typically average around $3,000 in this region, which can be passed on to the buyer and thus recovered by the developer fairly easily. Additionally, the majority of the region's municipalities are imposing some type of exaction on developers, whether through formal impact fees or some other alternative.

Communities that have chosen to impose transportation impact fees continue to lead the region in terms of population and employment growth rates. While the percentage of the region's growth since 1990 that is concentrated within these municipalities has declined slightly, it is likely that other factors affect development to a greater extent than do impact fees, including the continued availability of developable sites.

It likewise appears that the imposition of impact fees has not had any significant impact on housing sales prices. The average median sales price in municipalities that are currently imposing transportation impact fees increased by 31% between 1987 and 1997, as opposed to an increase of 32% in municipalities not imposing fees. Fees in the Delaware Valley are also relatively low compared to other regions of the country, averaging around $3,000 per unit. Even if the builder passes this entire amount on to the prospective buyer, the fee represents a very small percentage of the total cost of the unit, and will not generally render an otherwise affordable unit "unaffordable". While the increased sales price may eliminate a few prospective buyers who barely qualify to purchase, the unit can still be sold to another prospective family that earns only a few thousand dollars more per year.

The majority of the region's municipalities have not yet adopted a transportation impact requirement under Pennsylvania's Act 47 or Act 209, or under New Jersey's Municipal Land Use Law or Transportation Development District Act. Problems faced by municipalities that discourage them from adopting a transportation impact fee include the following :

- A **lack of flexibility** in the kinds of improvements and services that can be funded using impact fees. Pennsylvania's Act 209, for example, does not allow municipalities to recover their up-front costs associated with planning and engineering studies required by the Act, and does not allow for the financing of transit projects using impact fees;
- The **time limits** imposed on beginning construction of an improvement or initiation of a service once a fee has been collected from a developer. In Pennsylvania, for example, municipalities must refund fees collected from developers if construction of the necessary facility has not begun or if the necessary service is not initiated within three years of collection. Impact fees by their definition are collected as a share of a larger overall cost of needed future improvements, and are collected in increments as development occurs;
- **Concern** on the part of developers **over being singled out** to defray municipal expenses;
- The **high costs** of initial studies required before implementing a fee;
- In Pennsylvania, the rule that only 50% of the costs of financing projects on state roads can be recovered from impact fee revenues;
- The restriction in Pennsylvania to a seven square mile area, making it difficult to plan for and finance large scale projects; and,
- **Confusion over the language** in the existing impact fee legislation in both Pennsylvania and New Jersey, and a resulting fear of potential legal challenges to the fee requirement.

Recommendations

Impact fees can be used by municipalities to assist in mitigating the costs of services and facilities necessitated by new growth. Current enabling legislation requires various planning and engineering studies as well as capital facilities programming. Municipalities must pro-actively plan to meet the needs of desired future growth and ensure that the resulting fee is fair and reasonable for developers.

Given that impact fees cannot be used to remedy existing deficiencies, these fees must be implemented prior to growth. Studies have shown that an impact fee ordinance can take up to a year or more to implement, and many of the region's municipalities have failed to initiate the process for adopting a fee requirement prior to the onset of development, thus minimizing their prospective impact fee revenue. Municipalities that are forecast to experience high rates of population growth in the future should consider now whether an impact fee requirement can assist them in meeting the demands of future growth.

The language and requirements of the enabling legislation in both Pennsylvania and New Jersey have discouraged some municipalities from adopting an impact fee requirement in their community. Proposed changes to state enabling legislation that would encourage municipalities to use fair and reasonable impact fees as a means of mitigating the costs associated with new development include the following:

- In Pennsylvania, expand the allowable area within which impact fees may be imposed to more than seven square miles, to encourage broader based planning efforts and to make it easier to plan for and finance large scale improvement projects.
- In Pennsylvania, allow municipalities to recover 100% of the cost of improvements to state roads through impact fee revenues, rather than the existing 50%.
- In Pennsylvania, allow municipalities to recover the costs of all necessary studies from impact fee revenue, up to a specified maximum amount.
- In Pennsylvania, allow municipalities to finance public transit facilities and services using transportation impact fee revenue collected under Act 209.
- In New Jersey, clarify the requirements for impact fees promulgated in the existing Municipal Land Use Law (MLUL).
- In New Jersey, broaden the use of impact fees to include other services and facilities, including education.
- Allow municipalities to cooperatively develop plans and capital facilities programs and charge impact fees throughout a multi-jurisdictional district, to make it easier and more effective to plan for large-scale transportation improvements and services and enable them to share the up-front costs of developing and implementing the fee program.
- Allow developers to pay the necessary fee over a longer period of time (secured with a performance bond, for example), to reduce their up-front development costs. In return, allow municipalities to hold impact fee revenue for a longer period of time, to facilitate the construction of long-term and large-scale improvement projects.

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Appendix A

Municipal Impact Fee Survey

Delaware Valley Regional Planning Commission
Municipal Impact Fee Survey

Municipality: ______________________________
Contact person: ______________________________
Title: ______________________________
Street address: ______________________________
City, state, zip ____________________ **Telephone:** ____________________

1. How would you describe the amount of commercial and residential development pressure that your municipality is currently experiencing? (Please check one).
   - ☐ Little to no new development
   - ☐ Moderate level of development pressure
   - ☐ High to extremely high level of development pressure

2. What do you expect the climate for new development to be like over the next two years in your municipality? (Please check one).
   - ☐ Same as the current development climate
   - ☐ More growth pressure than is currently being experienced
   - ☐ Less growth pressure than is currently being experienced

3. Has your community adopted a comprehensive plan/master plan?
   ☐ Yes ☐ No

4. Some communities are incurring substantial new costs for additional transportation facilities, schools, water and sewer infrastructure, parks, police and other services necessitated by new development. Do additional costs related to new development pose a problem in your municipality? (Please check one).
   - ☐ Not a problem to a minor problem
   - ☐ Growing problem - new revenues are generally insufficient to cover new costs
   - ☐ Serious problem - municipal budget is under pressure due to costs necessitated by new development

5. **Impact fees** are single payments required of developers as a condition of development approval, to be used to pay the new development's share of the cost of off-site facilities and services necessitated by the development such as transportation, recreation, schools, water, sewer, housing, police and fire protection. Does your municipality currently require developers to pay an impact fee (s) as a condition of development approval?
   - ☐ Yes (Please skip to question 9).
   - ☐ No (Continue on to question 6).

Questions for municipalities that do not currently require an impact fee:

6. What issues or barriers have deterred your municipality from implementing a development impact fee? (Please check all that apply).

   - ☐ No perceived need because there is little to no new development
   - ☐ New revenues generally offset the costs associated with new development
   - ☐ Lack of information about utilizing impact fees as a planning tool
   - ☐ Difficulties associated with implementing an impact fee
   - ☐ Concerns about deterring new development
   - ☐ Concerns about housing costs rising as developers pass the fees on to buyers
   - ☐ Fear of potential litigation from developers
   - ☐ Other: ____________________

7. Does your community recover some of the costs of facilities and services necessitated by new development through any means other than impact fees?

   - ☐ No
   - ☐ Yes (check any that apply):
     - ☐ mandatory dedication of land
     - ☐ fees-in-lieu of dedication
     - ☐ mandatory on-site improvements
     - ☐ voluntary contributions from developers
     - ☐ other: ____________________

8. How likely is it that your municipality will implement an impact fee requirement within the next two to three years? (Please check one, and skip to question 13 when completed).

   - ☐ Very unlikely
   - ☐ Somewhat possible
   - ☐ Likely to very likely

Questions for municipalities currently charging development impact fees:

9. For what types of facilities and/or services does your municipality charge impact fees?

   - ☐ Transportation
   - ☐ Water services/ facilities
   - ☐ Parks/recreation
   - ☐ Schools
   - ☐ Sewer services/ facilities
   - ☐ Housing
   - ☐ Others: ____________________

   ____

10. When was your impact fee requirement (s) first enacted?:

    ____

11. Does your impact fee requirement apply throughout the entire municipality, or only within specific geographic areas or districts?

- ☐ throughout the entire municipality
- ☐ only within a specific area (please describe): ____________________

____

12. The amount of the required impact fee is often determined by a pre-determined formula or other specific criteria. Please describe how the amount of the impact fee (s) is calculated in your municipality. ____________________

____

____

Questions for all municipalities:

13. Do you know of any other municipalities that are currently charging impact fees on new development?

- ☐ No
- ☐ Yes (please list): ____________________

____

____

____

14. Do you have any additional questions or comments regarding the use of impact fees as a method of funding community facilities and services necessitated by new development?

____

____

____

____

____

Thank you for your cooperation in responding to this survey. Please return your completed survey in the enclosed envelope or fax your response to Mary E. Bell, at 215/592-9125, by December 31, 1997.

Appendix B

Follow-up Telephone Survey

FOLLOW-UP TELEPHONE SURVEY for municipalities currently charging impact fees:

Municipality:
Representative:
Title:
Telephone number:
Date surveyed:

1. **Enabling legislation: for Pennsylvania impact fees:**

Under what authority was your impact fee requirement enacted?

☐ Act 209. If so, what are the boundaries of the service area (s) where the impact fee requirement is applicable? ______________________________

____

____

☐ Act 47. If so, what are the boundaries of the municipalities transportation development district? ______________________________

____

____

☐ Other: ______________________________

____

For New Jersey impact fees:

Under what authority was your impact fee enacted?

☐ MLUL. If so, has your community adopted a circulation element as a part of the master plan in addition to an impact fee ordinance?

☐ Yes ☐ No

☐ TDD legislation. If so, what are the boundaries of the TDD? ______________

____

☐ Other: ______________________________

____

2. Does your local ordinance require that **planning studies** (such as impact studies, market analyses or traffic studies) be completed for proposed developments prior to approval?
No: _____ Yes: _____

If yes, what criteria trigger this requirement (size, proposed use, etc.), and what types of studies are required?: ____

____

____

____

____

3. Are the findings of these required studies used in calculating the amount of the required impact fee?: ____

____

____

____

4. At what point in the development process is the fee (s) collected?
   - ☐ before development approval
   - ☐ before issuance of a building permit
   - ☐ before issuance of a Certificate of Occupancy
   - ☐ other: ____

     ____

5. Is the fee revenue deposited into the general treasury or into a special account?:
   - ☐ general treasury
   - ☐ special account

6. Is there a time limit on when the funds must be spent by the municipality for the purpose for they were intended?: ☐ no ☐ yes
   If yes, what is (are) the time limit (s)? ____

____

____

7. For what specific purposes may the collected fees be used? (For example, can transportation impact fees be used only for roads, or can they be used for signalization, transit service and facilities; signage; curbs; etc?) ____

____

____

8. Approximately how much revenue has been generated to date as a result of your impact fee requirement (s)?

Purpose of fee:	**Revenue generated to date:**
______________________	______________________
______________________	______________________

9 What services and/or facilities been provided utilizing impact fee revenue?

____

____

____

____

10. Approximately how long did it take to develop and adopt the impact fee requirement, from the time the concept was initially discussed until the time the requirement was actually enacted? ____

11. What was the approximate cost of developing the impact fee requirement?

____

____

____

12. Have you ever been served or threatened with any legal challenges to your fee (s)?

☐ no ☐ yes

If yes, please explain the nature of the challenge and its resolution:_______________

____

____

____

____

13. Do you have any additional comments regarding the use of impact fees as a method of funding community facilities and services necessitated by new development?

____

____

____

____

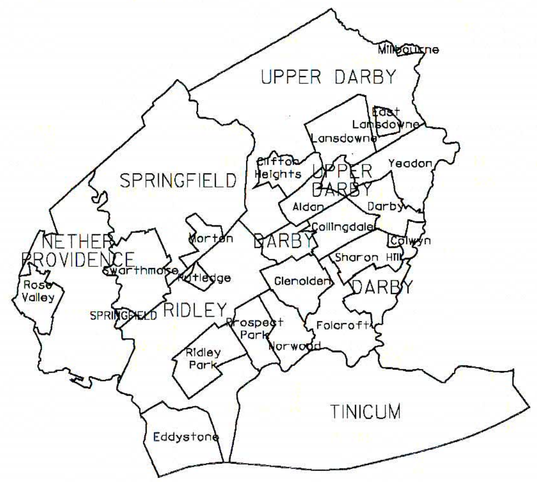
____

14. Additional comments/questions/notes:

Appendix C

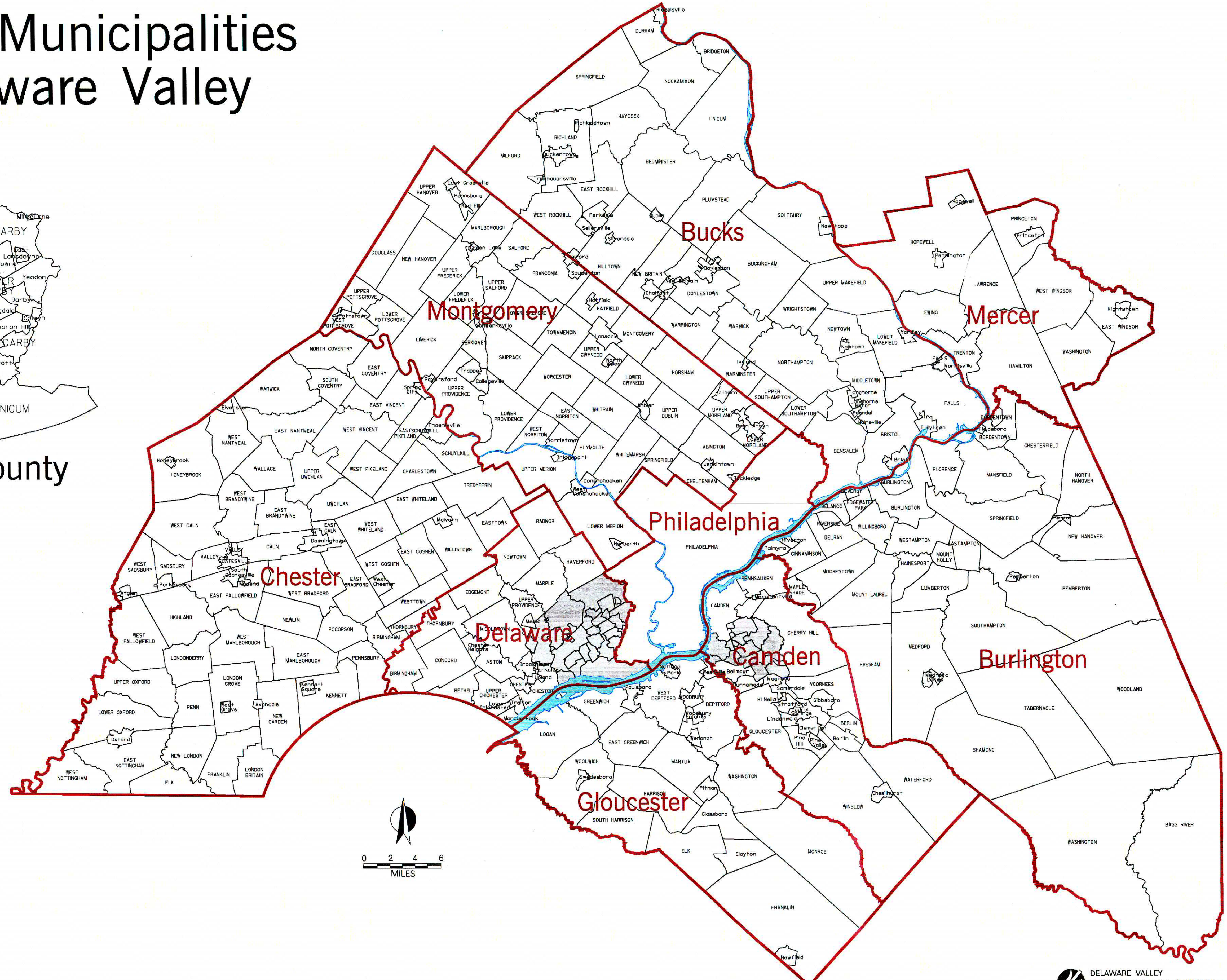
Map of the Delaware Valley

Appendix C: Municipalities in the Delaware Valley



Delaware County Inset

Camden County Inset



DELAWARE VALLEY REGIONAL PLANNING COMMISSION
JULY 1998