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Lehigh Valley Association of REALTORS® opposed to impact fees

Impact fees are financial levies imposed by municipalities on developers or builders to pay for capital improvements within the community which are necessary to service/accommodate the new development. The Lehigh Valley Association of REALTORS® (LVAR) opposes the imposition of impact fees under any condition. Although impact fees are authorized by law in Pennsylvania, REALTORS® believe that impact fees ultimately increase the cost of housing because actual costs are passed on to the purchaser through increased lot and/or housing prices.

LVAR believes that impact fees deter development in our communities and is responsible for:

- A disproportionate increase in the cost of new construction;
- Urban sprawl as developers seek political jurisdictions without impact fees;
- Reductions in the quality and/or quantity of new construction units due to increasing costs;
- A disproportionate disadvantages to lower income households;
- Reductions in housing opportunity across the income spectrum, for ownership and rental.
- Discouraging an important form of economic development – construction.

In order to lessen the impact on local housing and development opportunities in communities where impact fees are in place, the Lehigh Valley Association of REALTORS® encourages the following guidelines be considered:

- Proceeds from impact fees should be segregated from other government revenues and used solely for specific capital improvements related to a development;
- Guidelines should be in place to ensure accountability for how the impact fee can or will be used; Municipalities must be able to provide a strong correlation between the impact of a new development on the community and the use of the impact fee by the municipality;
- If the funds are not used within a reasonable time frame, or they exceed actual capital costs, they must be returned;
- Municipalities or schools should have the burden to demonstrate specific infrastructure needs as a prerequisite to assessing impact fees;
- Credits should be given to developers to offset impact fees;

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- Impact fees should be collected only at the point the impact is realized by the local community (e.g., from such sources as increased property tax revenues paid as a result of the development, land dedications and infrastructure work performed by the developer);
- Exemptions to impact fees should be provided for housing marketed to low- and moderate-income households, for ownership as well as rental.

Approved by the LVAR Board of Directors – April 2007