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STREET IMPACT FEES

WHAT IS AN IMPACT FEE?

Impact fees are one-time charges imposed by a city to a new development for a portion of the costs related to specific capital improvement projects or facility expansions necessitated by and attributable to that new development. They are paid by developers and builders at the time a building permit is issued.

Impact fees are a method of shifting a portion of the attributable burden of the cost of new or expanded infrastructure - capital growth - required to serve new development away from the community at large (all tax payers) and into the new development itself.

Through them, new people/organizations moving into the area will pay a portion of the infrastructure necessary to accommodate the new growth with which they are going to impact the community, otherwise the cost is passed along to the developer. These fees can be used to make public, off-site improvements, such as major roads, parks and schools that are needed to serve the development. Impact fees provide additional funding to implement these key system improvements.

IMPACT FEES IN TEXAS

Impact fees are authorized under Chapter 395 of the Texas Local Government Code. State Law standardizes and limits impact fee calculation, providing upfront knowledge of the contribution that will be required from the applicant to mitigate impacts from the development.

In Texas, impact fees are limited to water, sewer, streets, and drainage.

State law requires that impact fees be reviewed and updated at least once every five years.

Chapter 395 establishes checks and balances to ensure that the impact fee is calculated fairly. These requirements include having licensed professional engineers prepare the required studies/analyses to establish a fee, and having an advisory committee as part of the public process.

ABOUT THE STUDY

The City of Austin is proposing to develop and implement a Street Impact Fee Program. A Street Impact Fee would be a charge assessed on new development to pay for the construction or expansion of roadway facilities that are necessitated by and benefit that new development.

In August 2016, the City hired a consultant to assist with the technical analysis required by Chapter 395 of the Texas Local Government Code to determine the maximum assessable Street Impact Fee. The process to conduct the required studies will take several months. Ultimately, City Council would consider adoption of an ordinance establishing the Street Impact Fee and the policies related to administering the program. The City anticipates presenting a proposed policy to Council in early 2018. Staff will provide briefings and updates to Council, hold public hearings and engage in stakeholder outreach throughout the process.



MAIN COMPONENTS CONSIDERED TO CALCULATE AN IMPACT FEE

- The Land Use Assumptions (population and employment growth projections for the next 10 years on undeveloped/ redeveloped areas of a city that are used to project needed capital improvements).
- The Street Impact Fee Capital Improvements Plan (a distinct CIP that only includes capital improvements that are payable with impact fees for a 10-year time horizon, of which **Service Units** are an important component).

STREET IMPACT FEE ASSESSMENT

Street Impact Fees are assessed (determined) according to the anticipated traffic generated by the new development on streets in the **Service Area**. In other words, street impact fees are estimated proportionally to the development's impact on the system.

- The fee amount (assessment) is determined at the time of plat recordation with the city (when the map identifying the location and boundaries of street rights-of-way, individual lots or parcels, and other site information of a new land development is recorded with the city).
- The collection of impact fees happens at the moment a Building Permit is issued. Any impact fees due by a development must be paid at that time. A building permit will not be issued until any and all impact fees have been paid.

What is a Service Unit?

A service unit is a standardized measure of consumption or use attributable to an individual unit of development in a specific city. It is calculated according to generally accepted engineering and/ or planning standards and is based on historical data and trends applicable to that city in which the individual unit of development is located during the previous ten years. For street impact fees, the basic service unit is a vehicle mile of travel during the afternoon peak hour.

What is a Service Area?

For roadway facilities, a Service Area is a sector within city limits and cannot exceed six miles. Street Impact Fees collected in a Service Area can only be used in that service area within 10 years to pay for the capital improvements specified in the Street Impact Fee Capital Improvements Plan. Unlike water impact fees which only have one service area, there would be multiple service areas for Street Impact Fees.

TO LEARN MORE, VISIT www.austintexas.gov/streetimpactfee #ATXSIF



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