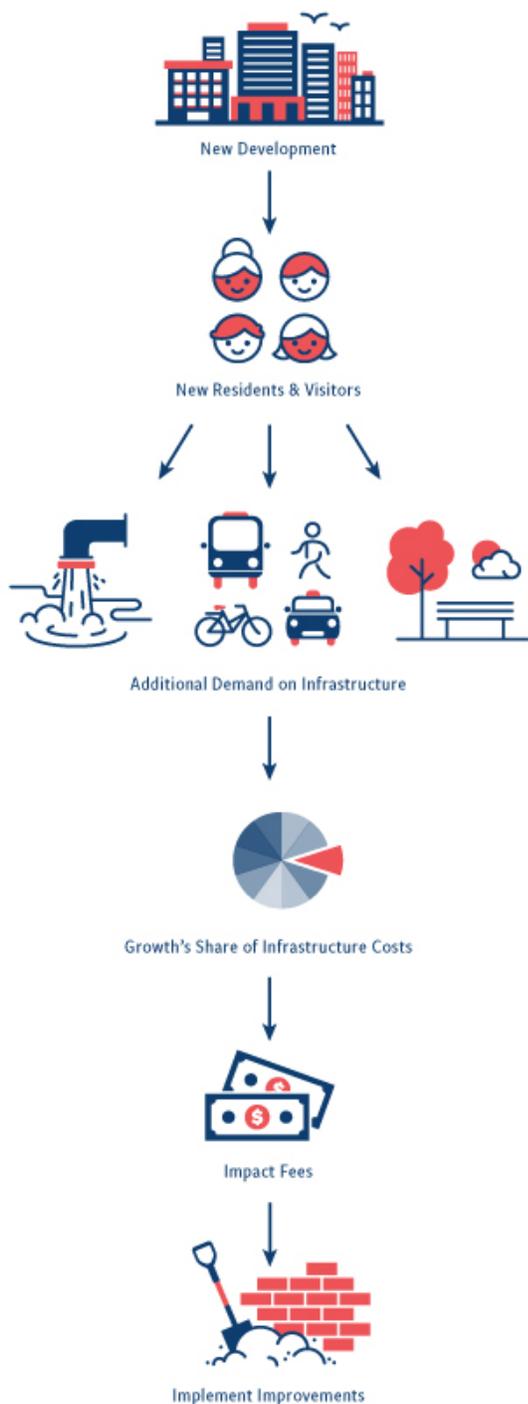


## IMPACT FEE FREQUENTLY ASKED QUESTIONS



In November of 2018, the Portland City Council voted 8-0 to adopt an impact fee ordinance. As of December 19, 2018, the impact fee ordinance applies to all building permit applications, with the exception of any building permit applications associated with a site plan approved by the City of Portland prior to December 19, 2018.

### *What are impact fees?*

Impact fees are charges paid by a proposed development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer flows into City systems, and infusing additional visitors into the City's parks and open spaces. In order to accommodate this growth in demand, these facilities require additional capital investment.

### *Why impact fees?*

The impact fee ordinance is a direct extension of recommendations from *Portland's Plan*, the City's comprehensive plan. The ordinance is fundamentally about planning for smart and sustainable growth, a way to ensure that new development pays its fair share of infrastructure costs and that there is adequate infrastructure capacity to allow the city to grow as envisioned in the plan.

Impact fees are also about a better, more efficient process. The fees are established in a published fee schedule, meaning that they are predictable (developers know what they will pay when they begin a project), they are equitable (all development pays on a proportional basis according to the same schedule), and they are efficient (since project impacts aren't mitigated on a case-by-case basis).

### *Where are impact fees?*

Impact fees are widely used throughout the United States, and have been used in some U.S. communities for the past 50+ years. In Maine, the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state have developed and implemented impact fee ordinances. For a sample of Maine communities that charge impact fees, see [here](#).

### *What are the impact fees based on?*

In order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis. In Portland, this analysis, called the City of Portland [Impact Fee Study](#), was completed in

the fall of 2018. The City Council subsequently adopted the fees in an [impact fee ordinance](#), which lays out both a schedule of fees and a process for collecting them.

*What will Portland's impact fees pay for?*

Portland's impact fees will pay for transportation, parks and recreation, and wastewater infrastructure required to serve proposed development.

*Who pays impact fees?*

Under the City's adopted ordinance, impact fees apply to any new building or building addition which results in net new residential dwelling units, non-residential building square footage, hotel rooms, or water meters. Impact fees also apply to changes of use which result in an increase in impact per the impact fee schedule.

*How much are impact fees?*

For transportation and parks and recreation, the amount of the impact fees is determined based the type and scale of development proposed. For wastewater, the fee is based on the size and number of water meters proposed. In cases of redevelopment, building additions, or changes of use, a credit is granted for existing uses or water meters on a site, and the fee is calculated based on the difference between the old and new use.

**PARKS & RECREATION AND TRANSPORTATION IMPACT FEE SCHEDULE<sup>1</sup>**

| Land Use Type                   | Unit of Measure  | Parks/Recreation Impact Fee | Transportation Impact Fee |
|---------------------------------|------------------|-----------------------------|---------------------------|
| <b>Single-family/Two-family</b> | per unit         | \$1,126                     | \$2,159                   |
| <b>Multi-family (3+ units)</b>  | per unit         | \$752                       | \$1,023                   |
| <b>Retail/Service</b>           | per 1,000 SF GFA | \$534                       | \$8,248                   |
| <b>Office</b>                   | per 1,000 SF GFA | \$677                       | \$2,800                   |
| <b>Industrial</b>               | per 1,000 SF GFA | \$363                       | \$1,130                   |
| <b>Institutional</b>            | per 1,000 SF GFA | \$645                       | \$3,082                   |
| <b>Hotel/Motel</b>              | per room         | \$875                       | \$2,404                   |

<sup>1</sup> Land use types included in the impact fee schedule correspond to those in the City's most recent *Impact Fee Study*.

**WASTEWATER IMPACT FEE SCHEDULE**

| Meter Size          | Capacity Ratio | Impact Fee |
|---------------------|----------------|------------|
| <b>5/8 inch</b>     | 1.00           | \$1,886    |
| <b>3/4 inch</b>     | 1.50           | \$2,829    |
| <b>1 inch</b>       | 2.50           | \$4,715    |
| <b>1 1/2 inches</b> | 5.00           | \$9,430    |
| <b>2 inches</b>     | 8.00           | \$15,088   |
| <b>3 inches</b>     | 16.00          | \$30,176   |
| <b>6 inches</b>     | 50.00          | \$94,300   |
| <b>8 inches</b>     | 80.00          | \$150,880  |

*When do we pay impact fees?*

Impact fees are calculated at time of [building permit application](#), based on data entered as part of the application. Fees must be paid prior to certificate of occupancy.

*Can fees be waived or modified?*

Fees can be reduced or modified only in very specific circumstances:

1. *Low-income or Workforce Housing Projects:* Projects with [low-income or workforce housing units](#) and qualifying as eligible projects under [Section 14-486 of the City's ordinance](#) may qualify for fee reductions. In

these cases, fees may be reduced by up to 25% depending on the percentage of low-income or workforce housing units in the project.

2. *In-kind Infrastructure Improvements:* Applicants may request a fee modification in cases when an applicant either voluntarily agrees to or is required to make infrastructure improvements for which the impact fees would be collected. These modification requests are reviewed by the Planning Board if the applicant is otherwise before the Board, or by the Department of Planning & Urban Development in all other cases. *On-site or immediately adjacent improvements providing direct service to a site as required under subdivision or site plan regulations are not eligible for credits.*
3. *Substantially-Reduced Demand:* Applicants may request a fee modification when documentation is provided to demonstrate that a proposed use will impose no or substantially-reduced demands on the capital facilities for which impact fees are being collected. These modification requests are reviewed by the Planning Board.

For more information or to apply for a fee modification, see [here](#).