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Policy: Impact Fees

Impact fees are fees collected by a local government and are used as a tool to pay for new growth. Builders and developers pay a share of the *impact* their development has on the community's public facilities; however, impact fees are ultimately paid by the purchaser. The Georgia Development Impact Fee Act of 1990 proscribes how impact fees must be collected and lists limitations on how they can be used.

The Greater Atlanta Home Builders Association does not oppose impact fees. A fair, equitable fee is the desired goal, but when used as a growth management tool, impact fees have several limitations:

1. Current impact fee ordinances discourage affordable housing. Applied only to new construction, they are the same whether the purchase price is \$100,000 or \$1 million, and are sunken into the cost of the new home. Impact fees are regressive and disproportionately affect affordable housing and families least able to absorb additional housing cost.
2. Existing residents benefit from the expanded amenities funded by new development, which suggests an unfair levy. Additionally, most home buyers coming to the metro Atlanta area purchase existing housing, not new homes, which bear the entire burden of the impact fees.
3. Impact fees generally raise very little money for the local government and discourage new home construction in areas where development is needed. The collection of impact fees in urban/suburban areas tends to push development outward to jurisdictions not collecting the fees, which contributes to sprawl.
4. Those who pay impact fees are less likely to support community-wide measures such as bond referenda. General obligation bonds pay for infrastructural improvements at a faster, more predictable rate than impact fees. Further, general obligation bonds spread the burden for the cost of improvements across a broad base of taxpayers, ensuring that all who benefit share the burden.

The HBA supports educating the public on the effectiveness and limitations of impact fees. Impact fees *cannot* be used to *maintain* existing infrastructure or any public facilities, to pay for personnel or to fund *current* capacity levels. A common misconception about the fees is that they can be used anywhere; state law requires that they must be collected in and applied to identified specific service areas.

The Greater Atlanta Home Builders Association supports local governments investigating alternative funding mechanisms for public facilities. Because impact fees create an unfair burden on new home buyers, a better approach for local governments seeking appropriate sources for infrastructure funding is the issuance of general obligation bonds, backed by a community's tax base. Although arguably less effective and predictable, another option for local governments is the sales tax. Generally approved by community consent at the polls, sales tax increases provide new revenue while spreading the burden among a broad base of the community.