

# Development Impact Fees

## WHAT'S THE DIF?

Development Impact Fees (DIFs) are NOT taxes. DIFs are ONE-TIME FEES paid by developers to the agencies who have built the transportation infrastructure to support that development. Development needs infrastructure to survive and thrive. New homes need things like schools, sewer pipes, water lines and roads. One-time fees imposed when building permits are issued ensure the developer pays their fair share for the infrastructure necessary to support their development.

## NO RECURRING CHARGES

There are some who imply that DIFs are like property taxes, which are paid each year. In fact, DIFs are only paid when a building permit is issued to develop a property residing within one of the Areas of Benefit for The Toll Roads. The new development benefits from the infrastructure in place, so they pay the commensurate fee for that benefit.

## MAJOR THOROUGHFARE AND BRIDGE FEE PROGRAM

In 1985, the County of Orange established the Major Thoroughfare and Bridge Fee Program. Planning, design and construction of the roads were paid for through the sale of non-recourse bonds to private bond holders. The development fees collected are pledged to repayment of the interest and principal on these bonds, as well as to pay the cost of future anticipated improvements, as identified in the Capital Improvement Plans for each agency.

The Toll Roads provide transportation alternatives throughout the region. Fees are charged depending upon the location of development within zones surrounding each corridor. These zones are called "Areas of Benefit." For each corridor, the Areas of Benefit are further divided into a Zone A and a Zone B, based on transportation use involving the corridors. The Fee Program rates are divided into three levels of land use: residential single-unit, residential multi-unit and non-residential.

Because the roads are part of an overall balanced regional transportation system, benefits accrue not only to those properties which generate a high demand for use of the corridor but also those which will benefit from less congestion and delay on the arterial highway and freeway system serving their area.

## FEES VARY BASED ON USE AND LOCATION

Fees vary depending upon the Area of Benefit and the type of development. Fees for a large commercial building are different from the fees for a residential house. Fees are calculated by multiplying the number of units, or gross floor area of non-residential buildings, times the appropriate land use category in the applicable fee zone.

The methodology used to determine the Areas of Benefit was derived from extensive studies of county-wide travel demand, using sophisticated computer programs.

## RENOVATIONS AND IMPROVEMENTS

As noted, Development Impact Fees are collected only once and do not recur for construction of a specific property. If a property owner wants to tear down his house and rebuild it on the same lot, no additional fees are paid as long as the unit being replaced is in the same category as the original house. If a commercial center is torn down and expanded, then only fees on the NET increase of the building area would be collected, not on the entire new commercial center.

## DEVELOPERS PAYING THEIR FAIR SHARE

When developers build projects on their property, most agree they have a responsibility to underwrite some of the cost of the infrastructure that is required to support their projects. Water and sewer lines, schools and roads are all part of the infrastructure needed. Development Impact Fees (DIFs) are paid by developers to ensure they pay their fair share for the infrastructure from which they benefit, and make sure that developer's projects have the infrastructure support they need to succeed.