

USA

DEVELOPMENT / IMPACT FEE

LAND VALUE
CAPTURE

Impact fee

DESCRIPTION

Fee to cover the expansion of external infrastructure capacity required by urban growth.

ANALYSIS AND ASSESSMENT OF THE TOOL

Key success factors:

- A fully designed impact fee system requires a strong analytical base, as well as a long-term infrastructure investment plan, to differentiate accurately the impact that new development will have on infrastructure costs depending on location, land use, and in many cases also on building size. However, the instrument will have to be simplified to capture broad differences in infrastructure costs, away from the formal, detailed analysis that is becoming the standard of good practice in the United States.
- In Mumbai, India, it has been estimated that a 10 percent development fee, imposed on the cost of new construction, could finance as much as 40–50 percent of all regional infrastructure investment required over the next two decades.