July 2024

Housing America's Residents

Regulations, Codes and Fees

About the National Association of Counties

The National Association of Counties (NACo) strengthens America's counties, serving nearly 40,000 county elected officials and 3.6million county employees. Founded in 1935, NACo unites county officials to:

- Advocate county priorities in federal policymaking
- Promote exemplary county policies and practice
- Nurture leadership skills and expand knowledge network
- Optimize county and taxpayer resources and cost savings, and
- Enrich the public understanding of county government.

NACo's Mission

Strengthen America's Counties.

NACo's Vision

Healthy, safe and vibrant counties across America.

Acknowledgments

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Regulations, Codes and Fees Support Affordable Housing and New Infrastructure

Counties use housing regulations, codes and fees to create affordable housing and finance public services and infrastructure for new development. This involves issuing permits, approving housing developments, conducting housing code inspections and assessing development fees. Each tool has its own advantages, disadvantages and consequences, which result in tradeoffs and spillover effects in the housing market. While land use and zoning focus on the macro-jurisdictional level, local regulations, codes and fees target the micro-level of individual developments, residential and rental housing units.

LOCAL REGULATIONS

Local regulations range from specific controls managing the tenant-landlord relationship to broader requirements governing institutional investors or short-term rentals.

Local regulations seek to balance contextualizing the community's needs into policy while providing guidelines for landlords and developers seeking to operate in the jurisdiction.

CODES AND PERMITTING

Local permitting is an integral step that guides the construction, renovation and occupancy of housing units.

Counties are often responsible for reviewing building plans, issuing permits and conducting property inspections.

Ensuring public health and safety is a top priority for county leaders. Housing and building codes contribute to this goal, but can also hinder development.

DEVELOPMENT FEES

As communities grow, they need more housing, infrastructure and public services. To offset growth impacts, counties rely on development-related fees, which can also contribute to the rising cost of homes.

County leaders strive to balance the financial burden of fees with the need to fund essential services and support housing affordability projects.

Rent Regulations Aim to Balance Tenant, Landlord and Developer Needs

EXPLORING RENT CONTROL AND STABILIZATION POLICIES AS AFFORDABLE HOUSING SOLUTIONS

County leaders are demonstrating a renewed interest in rent control or stabilization policies to address nationwide housing affordability challenges and keep housing costs low for impacted residents. Many jurisdictions view these measures as a solution to address affordability without reducing the quantity or quality of housing supply.

Rent control and stabilization policies aim to maintain affordable housing and limit disruptions caused by rapid rent increases.[1] These policies set rent caps, but the specifics vary across jurisdictions, including the levels and rates set, the scope of buildings covered, vacancy decontrol policies and tenant eviction restrictions.[2] These features affect how rent price controls impact the rental housing market.

RENT CONTROL AND STABILIZATION POLICIES HAVE BOTH BENEFITS AND DRAWBACKS

Rent control and stabilization policies are controversial as they yield mixed results regarding their impact on tenants and the housing market. These strategies can help mitigate the adverse effects of rent price controls when supplemented with additional measures,, such as increased code enforcement, tenant protections, restrictions on landlords' ability to convert or sell properties or allowing landlords to file for exemptions to the rental cap to offset capital investments in their properties.[3]

Studies show that policies limiting rent levels can decrease affordability in the long run, contribute to gentrification and create negative spillovers in surrounding neighborhoods.[4] These policies benefit tenants in rent-controlled units but are inefficient at targeting those most in need or low-income families or residents.[5] Rent control does not generally lead to more economically or racially integrated neighborhoods.[6]

Rent control and stabilization policies negatively affect housing quality and the supply of rental housing. They may discourage landlords from maintaining properties, reduce housing quality, and promote converting rental units into owner-occupied units. These policies might also restrict new development, making building less profitable.[7] While rent control offers housing stability for renters, county leaders must weigh the benefits and potential drawbacks of these policies.[8]

NATIONWIDE, LEGISLATORS ENACT MORE RENT CONTROL AND STABILIZATION LAWS IN RESPONSE TO SOARING RENTAL PRICES

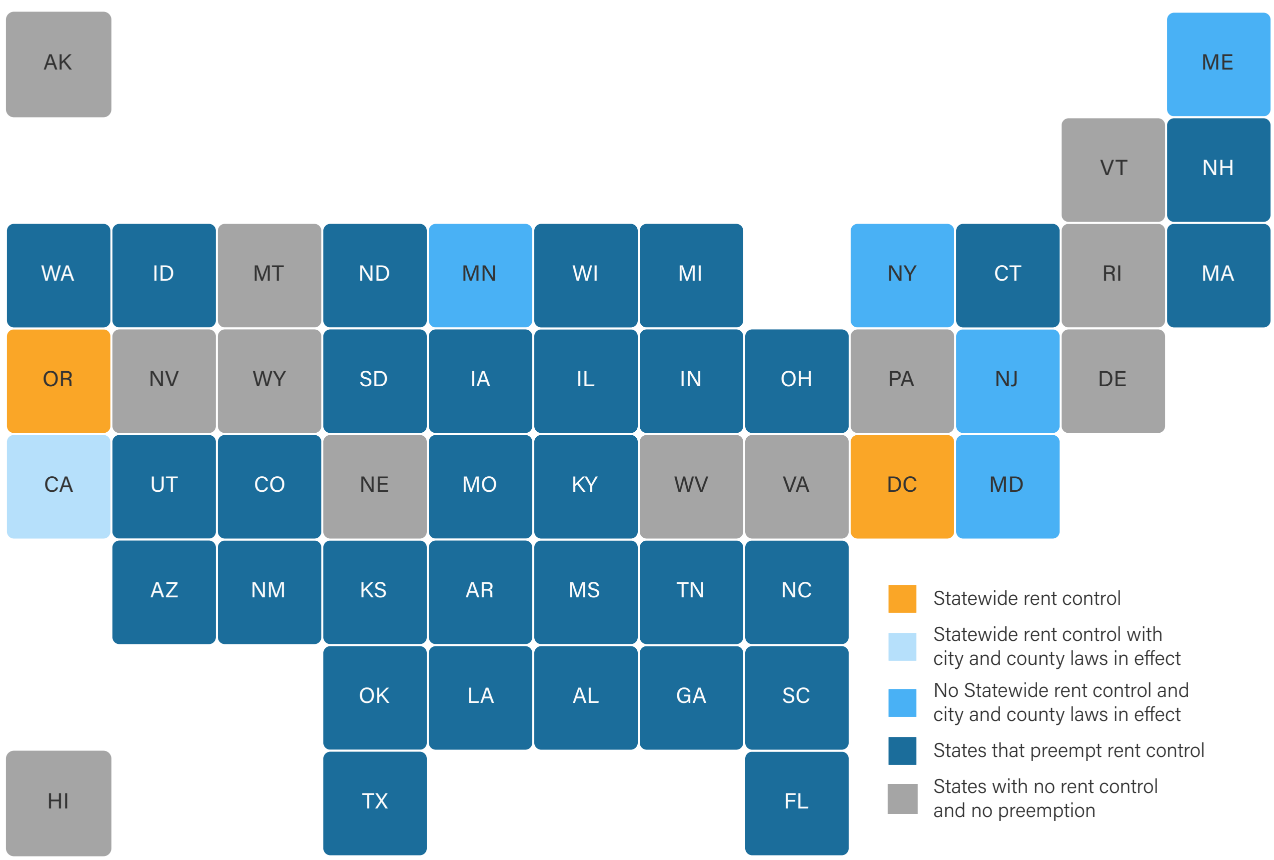
Rent control laws were implemented after World War I and gained popularity in the post-World War II economy as a response to rising rents.[9] A stricter form of rent control, known as first-generation rent control, emerged during this time, which included price ceilings and rent freezes.[10]

Second-generation rent control policies, known as rent stabilization, emerged in the 1970s, mainly in coastal cities, in response to rising housing costs and gentrification concerns.[11] These policies allow periodic rent increases for specific building types while balancing housing maintenance and conversion with tenant protections. Thus, **rent control refers to laws that set caps on rents, while rent stabilization generally refers to policies that regulate the rate at which rent levels can increase.[12]**

Today, state and local governments have enacted rent control and stabilization laws in seven states (California, Maine, Maryland, Minnesota, New York, New Jersey and Oregon) and the District of Columbia.[13]

FIGURE 1: STATE AND LOCAL GOVERNMENTS IN SEVEN STATES AND THE DISTRICT OF COLUMBIA HAVE ENACTED RENT CONTROL OR STABILIZATION LAWS

Type of Government Authority Over Rent Control Laws, by State



Source: *National Multifamily Housing Council*

Investor Acquisitions Significantly Affect Housing Security and Affordability

THE SINGLE-FAMILY HOUSING MARKET ATTRACTS SUBSTANTIAL INVESTOR INTEREST

Institutional investors, such as limited liability companies (LLCs), limited liability partnerships (LLPs) and private equity funds or real estate investment trusts (REITs), own large portfolios of housing units.[14] **Rental housing units comprise 39 percent of the single-family inventory and institutional investors own 3 percent of the market.[15]**

After the 2008 financial crisis, institutional investors acquired thousands of single-family homes through foreclosure auctions, short sales and real estate – owned properties.[16] They targeted locations and markets such as the Sunbelt (e.g., California, Florida, Arizona and Nevada) and Rustbelt (e.g., Ohio and Michigan) regions that were hard hit by the financial crisis.[17]

By 2019, these firms had acquired over 200,000 homes worth $36 billion. Their activity in the single-family market spiked during the COVID-19 pandemic, with the investor share of homes sold averaging 28 percent per month in the first quarter of 2022.[18] Large institutional investors owning at least 100 single-family homes possess roughly 574,000 single-family homes as of June 2022.[19]

THE INFLUENCE OF INSTITUTIONAL INVESTORS IN THE HOUSING MARKET IS GROWING, AFFECTING HOUSING AFFORDABILITY AND SECURITY

Counties and other local governments are introducing measures to regulate institutional investment in the single-family rental market. These measures include creating rental registries, forming partnerships with community organizations to purchase single-family homes to resell to residents and enhancing tenant protections against evictions.

Institutional investors played a significant role in reducing vacancies and aiding the housing market's recovery since the mortgage crisis. Their activities, however, also substantially affect homeownership and rental affordability, especially for low-income individuals and families.[20]

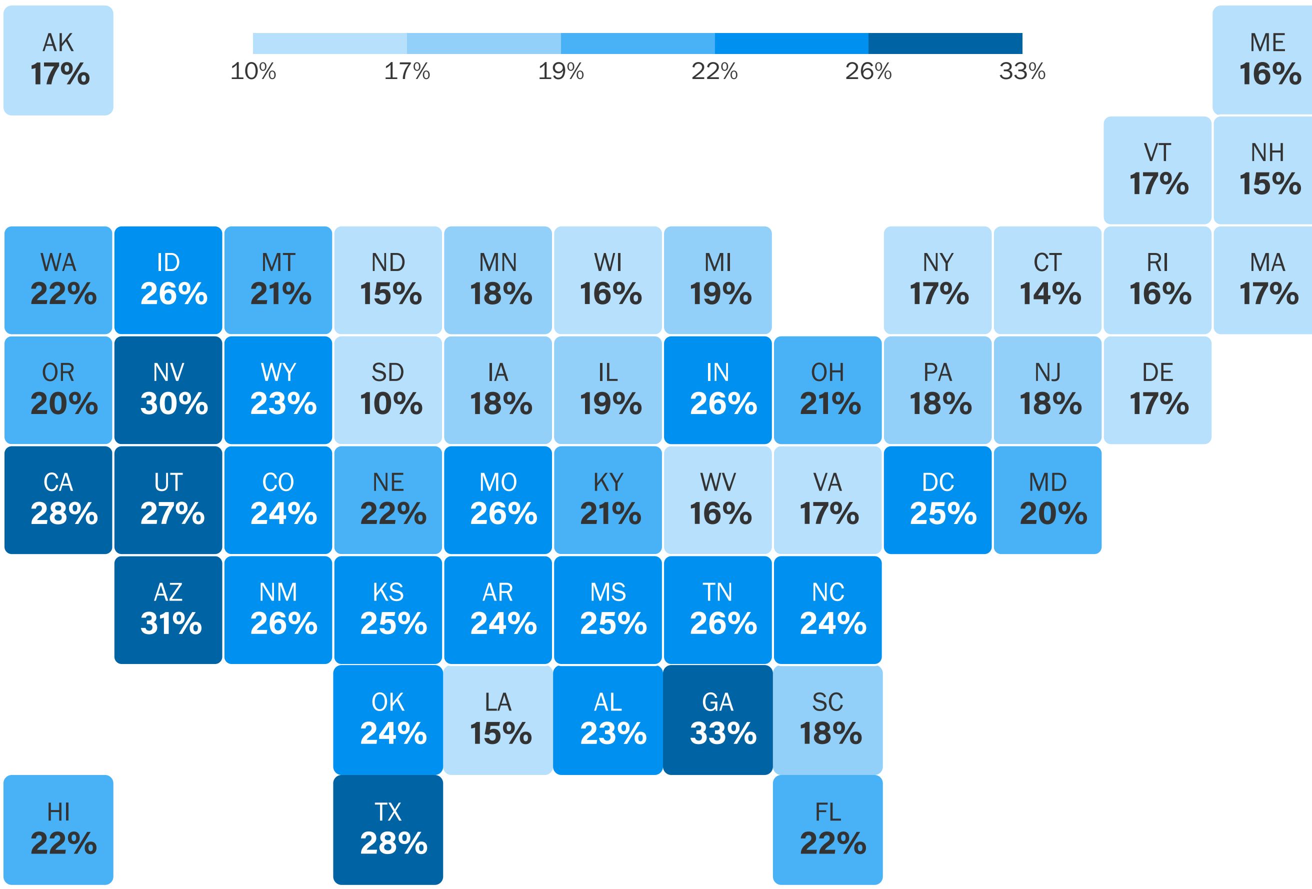
The increasing ownership stakes of institutional investors in the single-family home market is leading to the displacement of tenants. In the past decade, the demand for single-family rental housing has grown significantly, with 41 percent of renters occupying such properties.[21] This has drawn institutional investors to the single-family rental market.[22] Institutional investors are also more likely to file for eviction against their tenants than other landlords.[23] These evictions lead to the displacement of occupants who struggle to find alternative housing options.[24]

In addition, institutional investors contribute to neighborhood gentrification. They use their financial capital to enhance housing quality with renovations and repairs, converting owner-occupied units into rentals or upgrading them for resale at higher prices.[25] These properties attract residents with higher incomes, causing the neighborhood to gentrify.

Institutional investors have also increased their ownership of home parks established for manufactured home communities.[26] In these communities, residents own their homes but rent the land underneath.[27] Investors might increase the rent for factory-made homes or impose new fees, potentially exacerbating the housing affordability crisis and displacing residents.[28]

FIGURE 2: INSTITUTIONAL INVESTOR ACTIVITY IN THE SINGLE-FAMILY MARKET SPIKED DURING THE COVID-19 PANDEMIC

Share of Institutional Investor Purchases by State, 2021



Source: *The Pew Charitable Trusts*

Counties Manage Short-term Rentals to Balance Economic Growth and Community Concerns

THE SURGE IN SHORT-TERM HOUSING RENTALS PROMPTS REGULATORY RESPONSE

The popularity of short-term housing rentals has risen with the advent of online platforms such as Airbnb, HomeAway and Vacation Rentals by Owner (VRBO). Homeowners and landlords can rent their homes for short periods, usually single-family homes in residential areas.[29] Short-term rentals encompass not only vacation rentals but also the renting out of second homes or entire properties by commercial companies.

Short-term rentals (STRs) have become increasingly popular for diversifying investment portfolios or generating additional income. They also boost tourism and economic growth in communities. Despite these benefits, their impact on neighborhood health and safety, housing affordability, and the availability of long-term rental properties has lead to the need for more regulation.

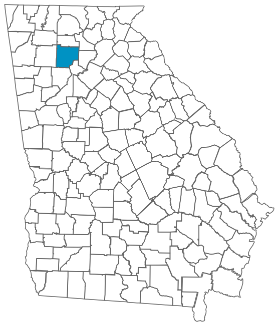
Counties nationwide are weighing the pros and cons of STRs and are enacting various approaches to regulate them. These approaches include requiring property owners to acquire licenses or permits to lease all or portions of their homes, levying fees or taxes and placing a cap on the number of short-term rentals that can operate within a neighborhood or zoning district.[30]

SHORT-TERM RENTALS ARE TRANSFORMING THE HOUSING MARKET WITH MIXED OUTCOMES

Short-term rentals' booming success has positively and negatively impacted the housing market, leading to consequences for home and rental prices and neighborhood quality. On the positive side, short-term rentals can boost local tourism and generate revenue for governments through hotel/motel taxes. They also enable residents to earn extra income by renting out their idle living spaces. This activity spurs housing demand in the rental market and increases home prices, helping residents afford to live in both modest and high-cost housing markets.[31]

Alternatively, short-term rentals have resulted in adverse effects such as increased rental rates, which displace existing residents as properties shift from serving residents to tourists.[32] The rising demand for second homes and a shortage of inventory have also contributed to higher home prices, making it difficult for local workforces to afford them. Homeowners and landlords, incentivized by the extra income, shift housing stock away from the long-term rental market towards short-term rentals, driving up rents.[33]

Spotlight on County Strategies and Policy Responses



CHEROKEE COUNTY, GA.

Population 2023: **286.6 K**

Median Household Income (2018-2022): **$100.8 K**

Share of Cost-Burdened Homeowners (2018-2022): **17.9 percent**

Share of Cost-Burdened Renters (2018-2022): **53.4 percent**

In 2021, **Cherokee County, Ga.** reevaluated short-term rental ordinances. County leadership adopted a local ordinance to establish standards for short-term rentals of privately owned residential structures rented to transient occupants.[34]

The county is experiencing rapid growth and is among the fastest-growing counties in the Atlanta metropolitan area.[35] Despite being relatively affordable compared to neighboring local and regional peers, its proximity to Atlanta makes it an attractive location for those seeking to own a physical asset such as a home.[36]

The county's short-term ordinance aims to minimize the adverse effects of short-term rental uses on residential neighborhoods within the county's unincorporated areas.[38] This includes addressing community concerns such as the issue of properties owned and operated by non-residents and creating standards to address negative externalities on neighborhoods like noise and safety concerns.[39] To rent, operate, or advertise any property for short-term rental, the owners must obtain a certificate to comply with the policy. The policy also limits occupancy to a maximum of 16 persons per property and requires all short-term rental properties to pay the applicable hotel taxes.[39]

PLACER COUNTY, CALIF.

Population 2023: **423.6 K**

Median Household Income (2018-2022): **$109.4 K**

Share of Cost-Burdened Homeowners (2018-2022): **28.1 percent**

Share of Cost-Burdened Renters (2018-2022): **55.4 percent**

Placer County, Calif. passed a short-term rental ordinance in 2022 to address community concerns and preserve workforce housing availability in the unincorporated areas of the county's eastern section.[40]

Vacation rentals are a staple in the region, but the recent surge in the popularity of short-term rental in this area has created challenges for the established residential areas.[41] The regulation places a cap on the number of short-term rental permits of 3,900 operating in the eastern portion of the county, which is the tourism-focused region of North Lake Tahoe.[42] As of January 2023, there were 3,011 units of short-term rentals in eastern Placer County, which is below the cap of 3,900.[43] This means that short-term rentals make up 15.8 percent of the housing stock in the area.[44]

The legislation is one of several county efforts to address mounting housing challenges. An economic study commissioned by the county revealed that the increasing number of second homes used as short-term rentals makes it harder for local workers to find affordable housing. The high cost of living in the region means that renters need to earn $32.54 per hour to afford the average monthly rent of $1,692.[45] The new policy aims to prevent further loss of local workforce housing inventory and minimize nuisance issues by capping the number of STR permits. The policy accommodates existing permit holders and previously approved exemptions that will need to apply for a permit and allows for properties operating without a permit or active transient occupancy tax certificate to come into compliance.

Housing and Building Codes Safeguard Community Health and Well-Being

Housing codes are designed to protect the environment and public health and are typically applied to rental housing, such as apartment buildings, duplexes and single-family rentals.[46] They establish minimum standards for rental property conditions, including minimum heat levels, plumbing requirements and prohibitions on rodents and insect infestations.[47]

Building codes focus on ensuring the safety and well-being of residents, nearby buildings, their inhabitants and emergency personnel. They regulate various structure characteristics, including materials used, energy efficiency, fire prevention and building accessibility.[48]

COUNTIES ADOPT AND ENFORCE HOUSING AND BUILDING CODES

The county's role in housing and building codes can be viewed from two primary perspectives: (1) oversight of adoption and implementation, including amending the codes to fit local context and (2) enforcement. The extent to which local authorities can amend housing and building codes to fit local needs varies depending on the authority granted under state law.[49]

Some states permit local authorities to adopt model codes with or without additional amendments and require the administration and enforcement of those codes through plan review and inspections at the local level. Other states allow local jurisdictions to adopt their own codes or modify state codes to suit local conditions, including climatic, geological and topographical circumstances. For example, California's codes may focus more on earthquakes or wildfires, while Florida's codes include more measures addressing hurricanes and flooding.[50]

Local provisions for amending codes may also include jurisdictions limiting or removing new requirements they view as too costly, unnecessary or inappropriate for their communities. Other jurisdictions may enact them into law or strengthen them to protect their community. For example, California repeals and adopts administrative regulations to the California Building Standards every three years, and counties and other local jurisdictions adopt the code for local enforcement within 180 days after it is published.

HOUSING AND BUILDING CODES CAN RAISE COSTS AND HINDER DEVELOPMENT

Housing and building codes are designed to protect public health and safety. However, they can unintentionally affect residential development and affordability by hindering housing production and increasing construction costs due to technical and administrative barriers.[51] For example, these regulations vary across jurisdictions and may be outdated or unnecessarily complicated by restricting cost-saving materials and technologies, leading to higher production costs.[52]

These codes ensure that housing developments meet specific construction standards, raising both the cost and quality of housing.[53] Further, enforcing these standards necessitates efficient administrative processes to maintain low costs.[54]

COUNTIES MANAGE PERMITTING, LICENSING AND INSPECTIONS

County governments have direct authority over housing development by issuing permits, reviewing development proposals for all housing units, and planning and zoning processes that guide new physical development in our jurisdictions. Within this authority, counties can charge fees associated with the permitting process, such as building permit fees, electrical permit fees, inspection services fees, environmental impact fees and many more.

In most states (32), county governments have some form of permitting authority in incorporated and unincorporated areas of the jurisdiction.[55] However, in seven of these states (Alabama, Alaska, Hawaii, Iowa, North Dakota, Oregon and Washington), counties have unrestricted permitting authority across all areas of the jurisdiction.[57] **In 2022, counties processed and approved permits for more than 1.6 million new residential housing units, estimated at nearly $374 billion.[57]**

DEVELOPMENT PROCEDURES CAN IMPEDE AFFORDABLE HOUSING CONSTRUCTION

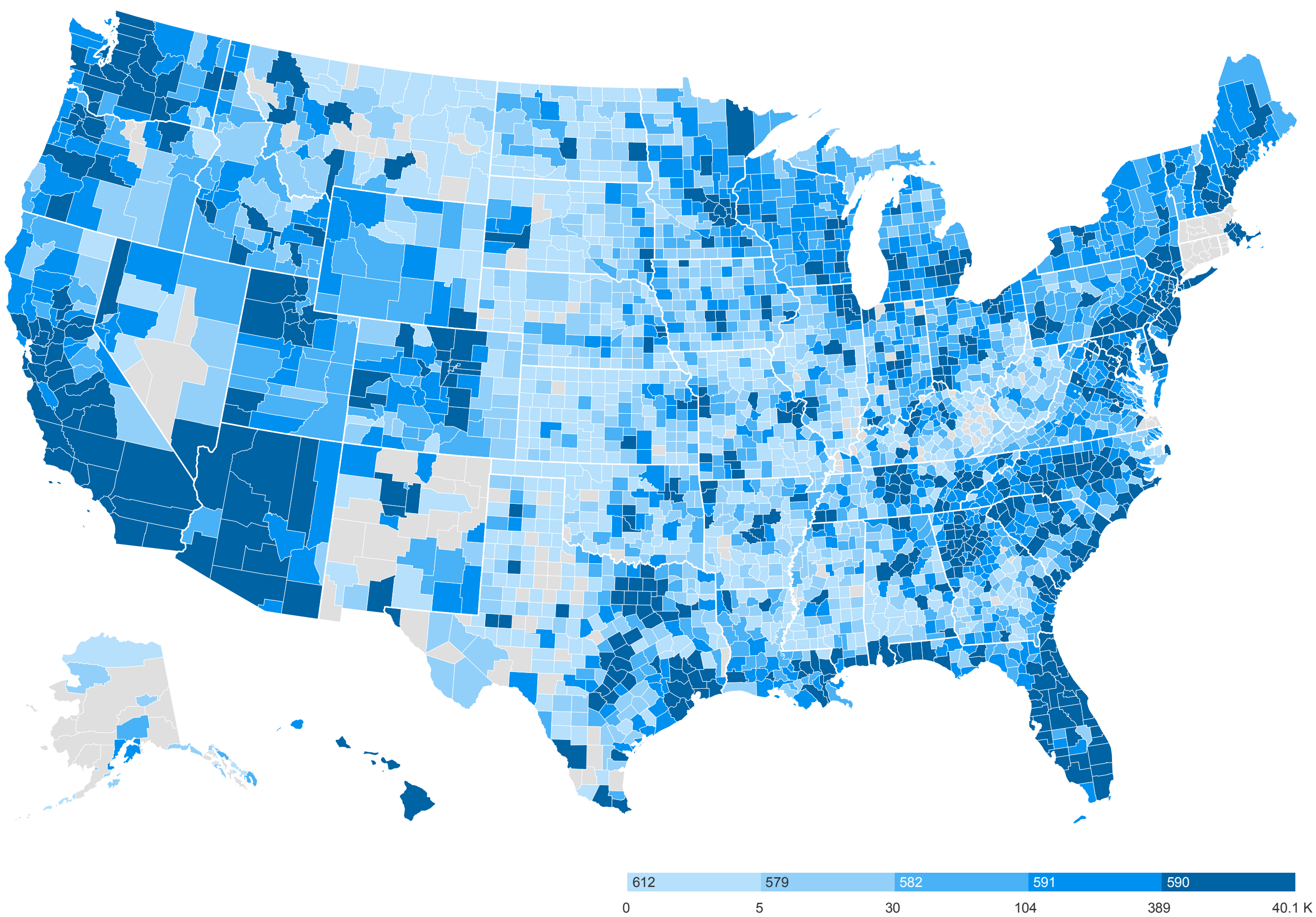
From the initial planning stage to construction and inspection, housing development is subject to several processes, including environmental review, zoning, subdivision review, use permit control, design review and building permit approval. In addition to the upfront costs of permits and land, each of these aspects can sometimes hinder the construction of housing units by increasing costs.

Permitting and approval procedures can be slow and burdensome, leading to delays in the completion of new construction and rehabilitation of existing housing units and making it difficult to develop affordable housing. Lengthy wait times and high costs may result from inadequate staffing for permits and inspections or from conflicting or redundant requirements across various permitting and approval systems.

Housing development procedures can be complex and confusing, especially because they vary from place to place. Each jurisdiction has its unique set of regulations, and developers must learn the requirements for their projects to be successful.[58] Even within a single jurisdiction, the permitting process may require interacting with multiple local agencies.[59] Housing development processes may include community input or engagement channels, which can further delay projects.[60] The approval process for development projects can take years, and developers may incur additional costs, such as accruing interest payments.[61]

FIGURE 3:COUNTIES AUTHORIZED PERMITS FOR OVER 1.6 MILLION NEW RESIDENTIAL UNITS IN 2022, WITH AN ESTIMATED VALUE OF NEARLY $374 BILLION

Number of Authorized New Residential Housing Units, 2022



Source: *NACo Analysis of U.S. Census Bureau - Building Permits Survey, 2022.*

Spotlight on County Strategies and Policy Responses

NEW HANOVER COUNTY, N.C.

Population 2023: **238.9 K**

Median Household Income (2018-2022): **$67.5 K**

Share of Cost-Burdened Homeowners (2018-2022): **22.6 percent**

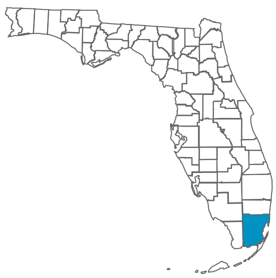
Share of Cost-Burdened Renters (2018-2022): **53.3 percent**

New Hanover County, N.C. partnered with the City of Wilmington to streamline permitting processes and workflows for new housing development applications and permits.[62]

The county and city collaborated with members of the development community to create a software system called Customer Online Application & Services Tool (COAST) for permitting.[63] This system provides customers with easy access to information about the status of their permits, offers better reporting capabilities and allows for hassle-free online fee payments.[64]

The platform centralizes all commercial and residential building processes, trade permits, new commercial and residential site processes, rezoning and subdivision permits, appeals and engineering processes for the county [65] COAST includes a mapping feature that allows users to visualize permit activity in different county and city areas, allowing users to understand where development is taking place and know the status of various projects.

Since the county and city began using the permitting software in 2018, the jurisdictions have collected input to further improve and streamline the process for single-family home builders, **reducing the time it takes to process building permits by 82 percent.**[66] These process improvements also include a mobile-friendly website, a simplified residential fee schedule and one of the nation's first Building Safety Charts showing what type of permits are needed for each type of building need.[67]



MIAMI-DADE COUNTY, FLA.

Population 2023: **2.7 M**

Median Household Income (2018-2022): **$64.2 K**

Share of Cost-Burdened Homeowners (2018-2022): **35.2 percent**

Share of Cost-Burdened Renters (2018-2022): **63.1 percent**

Miami-Dade County, Fla. designed several permit programs to support the development of new residential and commercial buildings. One program offers pre-approved template plans, making permitting much quicker for housing stakeholders.[68]

The Miami metropolitan area consistently ranks as one of the nation's least affordable and one of the most rent-burdened.[69] To avoid being rent-burdened, renters in Miami must earn at least $100,000 a year.[70] The high cost of rent remains top of mind for the county, which now offers a "Cookie Cutter" program to facilitate the development of new housing. The program expedites the plan review process for constructing a base model home. The "Cookie Cutter" program allows for the development of homes without options to change the built configuration.[71] Local housing stakeholders, including developers, design professionals or contractors, can repetitively utilize the same home model.[72] Once the model is approved, subsequent reviews, such as zoning, plumbing, and impact fees, are only required for site location.[73]

The county also provides expedited plan review services for projects that include workforce housing, affordable housing units and energy-efficient and water-efficient environmentally friendly construction.[74] Through the Affordable and Workforce Housing Expedited Plan Review, the county ensures the timely processing of permit applications and review of building permit plans submitted for developments that include workforce housing units and affordable housing projects, provided the request to expedite meets all the necessary conditions.[75] The county also offers expedited plan review services for commercial, industrial and residential green building-certified projects.[76]

Balancing Between Growth, Infrastructure and Housing Needs

IMPACT, LINKAGE AND REAL ESTATE TRANSFER FEES CAN ACT AS TOOLS FOR GROWTH MANAGEMENT

The benefits and challenges of local population growth are significant. Growth hubs attract new businesses and jobs, bolstering the local economy. This growth, however, creates demand for more housing and infrastructure, such as roads, sidewalks, schools, water and sewer facilities, parks and recreation facilities and public safety.

Counties primarily provide infrastructure, traditionally financed through municipal bonds and federal sources.[77] State limits on county revenue authority significantly impact the ability to raise additional taxes for funding growing infrastructure needs and the increasing demand for essential services.[78] And new developments do not always generate sufficient revenue to cover the costs of providing additional public services. This discrepancy underscores the necessity for reevaluating funding strategies to ensure the sustainable development of our communities.

To ease pressure on county budgets, local leaders are leveraging other mechanisms to finance affordable housing and the infrastructure and public services associated with new housing development. One common method of financing new development is through impact fees, which are one-time charges determined by a formula set by the local government and imposed on property developers during the permitting process.[79] These fees vary depending on the jurisdiction and the type of housing development, such as single-family or multifamily structures and the size of housing units, including the number of bedrooms or square footage.[80]

Another financing strategy is linkage fees, which are a hybrid of impact fees but are charged on non-residential development, including retail centers, industrial or manufacturing facilities and other commercial projects.[81] **Impact and linkage fees help to bridge the gap between the cost of new local infrastructure and the revenue streams that will help pay for them.**

Jurisdictions with exceptionally high population growth have broadened their taxing authority to include local real estate transfer taxes. This strategy provides additional revenue for government services and programs such as affordable and workforce housing, infrastructure projects and other priorities.[82] These transfer taxes are one-time levies on the sale of commercial and residential properties assessed as part of the property's closing costs and submitted at the time of the deed's recordation on the property's transfer of ownership between the seller and buyer.[83]

DEVELOPMENT FEES MAY HINDER BUILDING AFFORDABLE HOUSING

In theory, impact or other development fees are assessed on new housing development in a proportionate share of the capital costs or in a manner that reflects front-end development costs. Sometimes, these fees are assessed regressively or disproportionately to the actual development costs. This can hinder affordable housing development or contribute to higher housing costs.

Unlike property taxes, which are based on home value, impact fees can be regressive if assessed per unit or as a flat or fixed fee across different housing unit types.[84] For example, a home built for $80,000 is subject to the same fees as a $300,000 home.[85] Impact fees also require developers to pay for costs directly associated with new housing and additional public services for a community. Developers may pass on the higher costs of building homes because of local impact fees to prospective homebuyers or renters.

High real estate transfer taxes can also be regressive in nature, impacting the cost of commercial and residential development and rendering the transaction financially unfeasible.[86] The higher costs may impact the expansion of the housing supply, especially in terms of affordable housing. For example, when jurisdictions seek to repurpose vacant or underutilized commercial properties for affordable housing and other housing purposes, high real estate taxes can disincentivize the sale and purchase of these commercial properties.[87]

Amid skyrocketing housing prices for both renters and homeowners, high real estate taxes can disincentivize low-income households and first-time home buyers from making residential home purchases as they increase upfront closing costs, including the excessive transfer tax and mortgage payment, which will require additional savings.[88]

Spotlight on County Strategies and Policy Responses

CHARLES COUNTY, MD.

Population 2023: **172.0 K**

Median Household Income (2018-2022): **$116.9 K**

Share of Cost-Burdened Homeowners (2018-2022): **25.3 percent**

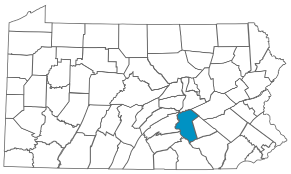
Share of Cost-Burdened Renters (2018-2022): **45.5 percent**

In Maryland, local governments have several tools to manage sprawling growth. For example, jurisdictions can impose development impact fees and excise taxes on new developments to fund capital programs and services that are necessitated by growth.[89] These fees and taxes fund public services such as public school construction, libraries, community colleges, transportation, public safety, parks and recreation and utilities.[90]

Home rule counties, for instance, can impose certain impact fees and excise taxes as a group, while some counties have specific state authorizations.[91] **Charles County, Md.**, imposes building excise taxes.[92] The tax amount is determined by the type of dwelling. For instance, single-family detached homes are taxed the most, while multifamily dwellings are taxed the least. The tax amount charged is equivalent to the total cost incurred by the county to construct one unit of new student capacity for public school facilities, multiplied by the pupil generation rate specific to the type of new dwelling.[93] It is also important to note that the excise tax amount doesn't necessarily have to be directly related to the cost of providing public facilities for the new development, and the revenue generated from it can be spent throughout the jurisdiction rather than just benefiting the properties that are taxed.[94]

Unlike most development charges due before a building permit is issued, in Maryland, the excise tax is collected annually over 10 years at level, amortized payments of principal and interest.[95] Charles County imposes a "fair share school construction excise tax" on new residential development to fund debt service associated with new school construction.[96] The county is authorized under state law to issue 10-year "new school capacity construction bonds" to fund all county costs in providing new school capacity.[97] The revenues from the fair share school construction excise tax are used to pay the principal and interest on such bonds.[98]

Spotlight on County Strategies and Policy Responses



DAUPHIN COUNTY, PA.

Population 2023: **288.8 K**

Median Household Income (2018-2022): **$71.0 K**

Share of Cost-Burdened Homeowners (2018-2022): **18.8 percent**

Share of Cost-Burdened Renters (2018-2022): **43.1 percent**

In 2012, Pennsylvania enacted legislation that included comprehensive and significant enhancements to the state's environmental regulations regarding shale gas development.[99] Within this legislation, counties were granted authorization to impose an impact fee paid annually by unconventional natural gas operators for each well they spud or started to drill.[100] The impact fee is based on the average annual price of natural gas on the New York Mercantile Exchange (NYMEX) and the well's age, with increases in accordance with the price of natural gas.[101]

Like other eligible counties where shale gas development occurs, **Dauphin County, Pa.** passed an ordinance to collect revenue from the impact fee. This revenue is used for public infrastructure improvements such as construction, maintenance and repair of roadways, bridges, water and sewer systems, emergency preparedness and response services, including law enforcement and fire services, hazardous material response, equipment acquisition and other related services.[102] The revenue is also used for environmental protection, including trails, parks, open spaces, floodplain management, conservation districts, agricultural preservation and social services. The funds are also allocated towards projects that aim to increase safe and affordable housing availability to residents, records management and tax reduction, including homestead exclusions.

The impact fee generated $234 million in revenue in 2021, mostly due to increased gas prices.[103] However, revenue reached a record high of $278.9 million in 2022 due to higher natural gas prices, inflation adjustments and industry investments.[104] Dauphin County received over $1.5 million in revenue from the impact fee between 2017 and 2022 and using it to fund greenway rehabilitation projects.[105]

Endnotes

[1] Prasanna Rajasekaran, Mark Treskon, and Solomon Greene, "Rent Control: What Does the Research Tell Us about the Effectiveness of Local Action?," available at https://www.urban.org/research/publication/rent-control-what-does-research-tell-us-about-effectiveness-local-action (March 8, 2023).

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