



Fee Waivers

PRIMER

INTRODUCTION TO FEE WAIVERS

Many governmental jurisdictions look for ways to boost economic development within their communities. By using economic development financial tools, governments can attract development based on a developer's needs and spur economic development projects within their communities. Government entities can use this tool to promote revitalization or affordable housing in the area while increasing the community's tax base.

A fee waiver is a financial tool available to some governmental jurisdictions that can be used to promote and help pay for certain types of development, revitalize targeted areas and/or aid in developing affordable housing. Fee waivers can be tailored to a government entity's needs and are often offered on a sliding scale based on development project criteria. Government entities have successfully offered fee waivers to support development projects focused on revitalization, affordable housing, historic rehabilitation and small business development.

USE OF FEE WAIVERS

Fee waivers can represent a full or partial waiver of development-related fees such as permit fees, capital fees, development impact fees, etc. By offering fee waivers, the overall cost of a developer's project is reduced.

Governments should adopt a fee waiver policy to ensure transparency and support desired outcomes. Additionally, a government entity may wish to develop tools to track and report on performance and measure outcomes associated with policy effectiveness, such as the number of affordable housing units produced, development within certain areas and/or tax base increases.

Some government entities adopt fee waiver provisions within a fee schedule or ordinance outlining the authority surrounding the approval of fee waivers. Entities may consider implementing an approval process for fee waivers to ensure transparency.

QUESTIONS FINANCE OFFICERS SHOULD ASK ABOUT FEE WAIVERS

Finance officers should make sure the government has a policy on using economic development financing tools and be familiar with state requirements. They should be ready to ask the following questions about fee waivers:

- » Is my jurisdiction allowed to issue fee waivers?
- » Does my jurisdiction need a policy that gives permission to waive fees by fee ordinance or governing board approval?
- » What are the potential financial impacts to the government associated with fee waivers?
- » What are the potential financial impacts to revenue as the government may rely on development fee incomes to fund its services?
- » Which fees are being considered for a waiver? Many government entities adopt a list of fees approved for fee waivers and include a sliding scale based on meeting certain criteria.



- » Is there a need to engage legal counsel to better understand a government entity's authority and/or use of fee waivers?
- » What level of engagement is needed with the jurisdiction's development department surrounding fee waivers?
- » Does the fee waiver program need administrative oversight?
- » Is there an application process to review, consider and approve fee waivers?
- » How can performance measures be used to report on the effectiveness of using fee waivers?
- » Does my jurisdiction have any state or local reporting requirements on fee waivers?

OUTSIDE RESOURCES FOR EMINENT DOMAIN

- » City of San Antonio, Texas, Fee Waiver Program
<https://www.sanantonio.gov/CCDO/IncentivesandPrograms/COSAFeeWaivers>
- » Municipal Research and Services Center, Affordable Housing Incentives
<http://mrsc.org/Home/Explore-Topics/Planning/Specific-Planning-Subjects-Plan-Elements/Affordable-Housing-Ordinances-Flexible-Provisions.aspx>
- » City of Savannah, Georgia, Corridor Revitalization Incentives
<https://www.savannahga.gov/1530/Corridor-Revitalization-Incentives>

About GFOA

The Government Finance Officers Association (GFOA) represents approximately 20,000 public finance officers throughout the United States and Canada. GFOA's mission is to promote excellence in state and local government financial management. GFOA views its role as a resource, educator, facilitator, and advocate for both its members and the governments they serve and provides best practice guidance, leadership, professional development, resources and tools, networking opportunities, award programs, and advisory services.