



LOCAL  
IMPLEMENTATION

Implemented on Cape Cod

## OVERVIEW

Impact fees, or linkage fees, are fees charged during the permitting of developments to offset their impacts. The calculation of the fees varies but is usually based on development size and type. They can be used for many purposes such as supporting infrastructure needed for new development (for example sewer connections), as well as to fund programs for the preservation and development of affordable housing. In Massachusetts, impact or linkage fees require special legislation from a municipality to adopt and collect.

### CHALLENGES ADDRESSED

-  Not Allowed to Build Multi-family Housing
-  Too Expensive to Build New Housing
-  Too Expensive to Secure or Maintain Housing
-  Hard to Find Year-round Housing

## POTENTIAL BENEFITS & CONSIDERATIONS

- Can provide funding for affordable housing, infrastructure, and other public uses or goals
- Communities have flexibility in determining when the impact fees apply and how the funds are used
- Fees will not generate much revenue if development is not occurring in the community
- Fee revenue can be used to produce units that may be outside of typical inclusionary housing programs, such as higher AMI units, transitional housing, or housing for persons with special needs or those experiencing homelessness
- High fees may disproportionately affect smaller or local developers or deter certain types of development

## RESOURCES & EXAMPLES

**Ask DLS: Linkage Fees** - This document from the Division of Local Services provides an overview of linkage fees in Massachusetts, including identifying some communities which have adopted linkage fees.

**Linkage Fees and Affordable Housing Impact Fees** - This webpage by Local Housing Solutions provides an overview and examples of impact or linkage fees as they relate to housing.

**City of Sacramento Housing Impact Fee** - The City of Sacramento charges a housing impact fee on certain market-rate housing developments. The funds are used to create more workforce and affordable housing.

### CASE STUDY: SOMERVILLE AFFORDABLE HOUSING LINKAGE FEES

The City of Somerville assesses linkage fees on commercial developments over 15,000 square feet. The linkage fees fund the Somerville Affordable Housing Trust Fund. The Fund benefits households earning up to 110% of the area median income. In 2023, the City

increased the linkage fees from \$11.23 per square foot to \$22.46 for projects 30,000 square feet and larger. The fees also fund the Job Creation and Retention fund.

More information is available [here](#).

